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3 MARCH 1988



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# ***JPRS Report***

## **Latin America**

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# Latin America

JPBS-LAM-88-009

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**Justicialist Hernan Patino Says Military Crisis  
Unresolved**

33480062b Buenos Aires *EL PERIODISTA*  
in Spanish 8-14 Jan 88 p 6

[Interview with Hernan Patino Meyer by Jose Antonio Diaz; date and place not indicated; first paragraph is introduction]

[Text] Hernan Patino Meyer, who is about to be named chief of the defense area of the new National Council of Justicialism, asserts that the military crisis has not been resolved, accuses the Radicals of not being in control and warns about those who are wagering on the military infighting.

[Question] Isn't it symptomatic that when Radicals and Peronists decide to send a joint message to the Armed Forces, based on the accord on the defense law, there are once again episodes involving military pressure, such as the ones that surrounded Rico's departure from Campo de Mayo and the reinstatement of his rank?

[Answer] These are two issues that have arisen at the same time but that are not related. Let's separate things. To us there was a 4-year vacuum in defense; there was no policy. After 6 September, and with the strength that the people's trust lent us, at least temporarily, we decided to pursue a policy of "leaning on" the administration (although the word sounds a bit harsh). We wanted to force it to define a relationship with the Armed Forces within a legal framework that was incomprehensibly postponed by the administration itself.

[Question] Has the distinction between the concepts of defense and security helped to manage the internal military crisis?

[Answer] The law does not have magical powers. Differentiating between defense and domestic security has a symbolic rather than real value because the law does not dictate conduct; it just interprets conduct and tries to instruct for the future. It is the government that must guide behavior. But it is extremely important, as a symbolic message from civilian society, not to confuse defense against an external aggressor with security in the face of an alleged domestic enemy. The ideological spillover that took place in the Armed Forces led them to a deviationism that cost us dearly and wound up in the cruelty of the Process. There can be grave domestic conflicts, but the military is not in charge of controlling them; that is what the security and police forces are for. And if they are swamped, there is the constitution: Article 86, Paragraph 17, which empowers the president to use the Armed Forces in extreme cases. And this distinction between defense and security implies much more than a theoretical definition. It represents a model for outfitting the military, a blueprint for the distribution of operational forces, what weapons they should have and which ones they do not need, and the kind of

training, whether the military will be trained to act as a police force or to confront an enemy who possesses sophisticated weaponry. In a word, it implies a strategic change.

[Question] Getting back to the most recent episodes touched off by Rico, who do you think is in control in the army?

[Answer] The administration's main shortcoming was in not leading, not being in control and hesitating on the main issue, which was and is subordinating the military to the political power. This cannot be resolved with any law, but instead only by exercising power. The Rico incident is just another manifestation of the internal military problem that is being resolved, but I think it will take a long time. The crisis exists and has not been resolved. Why does General Caridi receive a subordinate and argue with him, if the report is true, and then make the decisions he does? I don't think it has anything to do with the decision of the parties to give civilian society a law so that it can establish its relations with the military on the basis of a comprehensive principle of defense. In other words, on the basis of the concept of the nation in arms, as Juan Peron outlined in a speech in La Plata, that is to say, the exact opposite of a professional, mercenary army that is paid to fight. Defense is the exclusive patrimony not of the Armed Forces but of the people, of course with their military instrument, which is the armed services.

[Question] Don't you think that these acts of indiscipline, or certain grievances of the officers, have turned the military into a sort of union?

[Answer] I think that the manifestations of the internal crisis are serious. The services cannot commit acts of indiscipline or make the papers by playing the lead in police-related news. But if a military officer ever proposed turning the Armed Forces into a union to put pressure on the rest of society and secure cushy jobs, we would be lost. The military would thus be distorting the mandate that justifies its existence. Because an armed union would obviously be the strongest union in the nation...

[Question] No joint arbitration board would be possible...

[Answer] Of course, no joint arbitration board would work. I don't think that the services want to unionize. There could be upheaval and confusion as a result of the struggle against terrorism, which they called the war against subversion, of the Malvinas war, which was a real live war, and of the political and economic failure of the Process. What there could be is a confused desire to regain lost prestige, to develop professionally and to emerge from the isolation in which they have placed themselves. Look: they have a theory about the current intellectual approach of subversion, which is apparently designed to destroy the Armed Forces, when the fact is

that that photo the other day (of an officer pointing his weapon at a journalist) did more to discredit the military than the actions of all the leftwing or leftwing extremist groups that may exist in the country and abroad. So they better not come and tell me that a campaign is under way here against the Armed Forces that has been organized overseas or by subversives who have left the armed struggle to gradually take power through encirclement techniques, as they are wont to say. That photo the other day was grotesque.

[Question] What shortcomings would you criticize the administration for in its handling of the military issue?

[Answer] In the first place, talking out of both sides of its mouth. Telling one officer one thing and another internal sector, another and the public what it wants to hear. One example: the administration's only policy was to try the juntas, which was a good decision. But this cannot be the whole policy, because all it did was put the services in the dock, in a dead end, without being able to do anything else vis-a-vis society. The logical thing was for the constitutional government to offer other paths so that the military could regain its prestige in the eyes of civilian society.

[Question] You said that the administration was not in charge. Does intending to be in charge suffice?

[Answer] Of course not. The Radicals suffer from a flaw; that is to say, I think that we all suffer from a leadership complex. We seem to be afraid of playing the role that the constitution and the vote of the people have granted us. It could be because of the repression of political activity for long periods of our history, or perhaps owing to the lack of relations with the Armed Forces, or because we were the victims of militarism. But the fact is that we find it hard to be in charge. Civilians or politicians are used to persuading or convincing little by little, but power has other rules. If we want to have subordinated Armed Forces, we will have to get used to making decisions, imparting clear-cut orders, and creating a system of loyalties. And here, talking out of both sides of one's mouth is fatal. Authority can be based only on the loyalty of the subordinate. Loyalty is confidence; orders are accepted, but responsibilities are taken up and those in command practice consistency.

[Question] The Peronists seem to get along better with the military...

[Answer] I think that the vice of not leading is more prominent among the Radicals and not as bad among the Peronists, because as they quite accurately say, we have some militaristic traits. In 1983 they accused us of the military-labor pact, and they were working on an objective fact. I have said this to several Armed Forces officers: Peronism has had very poor or very good, but never indifferent relations with the military. The Radicals are indifferent about the military because they see it as one more bureaucratic tool of the State. In the abstract

realm of ideas I could say that a general is just another administrative bureaucrat in the machinery of government, but in actual Argentine history this has never been the case.

[Question] You spoke of the Radicals' talking out of both sides of their mouth. Why don't you mention the Peronists talking out of both sides of their mouth to the Armed Forces?

[Answer] In the past, since Peronism was settling a very intense internal dispute, there were leaders of ours, it's true, who said one thing in the barracks and another to society; they spoke with different officers as if they wanted to influence their infighting. But I will relate what happened during Holy Week: at the request of Lieutenant Colonel Rico, who asked to speak with Cafiero, I personally went to Campo de Mayo, appeared at the guard post with my identification card and spoke for 2 hours with the rebellious officers. In Renewal, which at the time was just an internal faction of the Peronist Party, we had decided that we could not enter that dialogue through the window. And you reported on that meeting in *EL PERIODISTA*. But not all Peronists did likewise.

[Question] And what are you telling the officers now in your contacts with them?

[Answer] What I told Rico on that occasion, on behalf of Renewal, I repeated a few days ago to General Caridi, on behalf of the official and legitimate leadership of the Peronist Party: that we don't want to meddle in military infighting, that as far as we are concerned, the authorities of the branches are the ones who figure as the authorities, no one else, as long as the president as commander in chief does not order otherwise, and that we trust that the internal crisis will be resolved within the institutional framework of the armed services, not in the political arena, and solely through the operation of the chain of command and subordination to the political power. Now our dialogue is institutional, smooth and permanent. From 10 December to the present I have attended all of the year-end military ceremonies (at least the ones to which they invited me) on express orders from Cafiero. In contrast, we are aware that several boys are wagering on certain factors in the military infighting, and I can assure you that they are not exactly from the Justicialist Party...

8743

**Daily Evaluates Military Crisis, Aftermath**  
33480062a Buenos Aires *CLARIN* in Spanish  
24 Jan 88 p 14

[Editorial: "The Military Crisis"]

[Text] One outcome of the recent military crisis was the reestablishment of the chain of command. This is an indispensable condition for the functioning of the military institutions. In a democracy, moreover, the military

must be subordinate to the civilian government elected by the people. Satisfaction is also in order because this outcome was achieved without bloodshed in armed confrontations.

These considerations do not exhaust the analysis of the episode, however. In reality, the military problem that has been besetting Argentina has many facets but boils down to the question of whether the military ought to combat subversion or not. Once it has been answered in the affirmative, as it only can be, all of the other issues resolve themselves, both as to punishing those guilty of abuses and performing military tasks free from an environment of permanent suspicion.

During Holy Week these issues were on the agenda in the wake of the Campo de Mayo incidents. At that time there was an alarming gap between civilians and the men in uniform, and the mass media did nothing to bridge it. In the end it was the president of the nation who restored a more balanced assessment of the situations we had lived through.

Those dramatic events obviously did not prompt a comprehensive approach to the military problem. The goal of integrating the Armed Forces into society was not fully achieved.

The belatedly issued legislation on due obedience deprived the lower-ranking officers who were criticizing the high commands of an argument. But it did not completely clear up the problem.

Doubts obviously persist about the role of the armed services, their organizational and technical capacity to meet the challenges of national defense, the appropriate means to this end, the country's productive backing, the income that their personnel receive, etc. This is not the time to discuss these issues; it is, however, the time to emphasize that some of them have to do with the very essence of the function that they must perform. Such is the case with the availability of modern hardware and professional aptitude.

As if this were not enough, the crisis that arose in the military arena in the manner in which we are all aware is, above and beyond its specific features, a facet of the crisis jolting the entire society. It could not be otherwise. A country that is continually regressing, simply because it cannot find a way to reverse the trend, is always susceptible to divisive elements. We cannot forget, moreover, that the top echelon of the military that authorized excesses in the struggle against subversion was the same one that promoted the experiment that brought our economy to a standstill.

A new key thus arises to an understanding of the situation that the army experienced in connection with the general crisis. By marching forward, a society can settle differences and more easily bury the past and its cruel

circumstances. The promise of the goals of greater well-being and fulfillment for individuals and for the various social classes heightens a society's tendency towards cohesion and imbues it with shared ideals. Divisive tendencies dissolve much more quickly in this environment than by assigning guilt and cultivating the differences that have been left behind. History will be the final judge of men's actions.

In the most recent military incidents we can see, along with the restoration of the chain of command, which is the positive outcome, the persistence of unrest among groups of young officers, who unquestionably chose the wrong way to express themselves. Now that the mutiny is over, these concerns deserve a political examination so that they can be circumscribed and aired. A step in this direction was obviously taken when the mass media this time provided broad coverage of what was happening, without lapsing into antimilitary postures.

Argentina requires professional excellence from its Armed Forces, which must defend the country with the appropriate resources and be regarded as what they are: the armed wing of the civilian government. These accomplishments will enable them to integrate perfectly into society, something that the restored chain of command has now made easier. This is vital to the future of a community that wants to grow, not keep on falling behind.

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#### Courts-Martial To Determine Rebel Officers' Transgressions

33480062d Buenos Aires *CLARIN* in Spanish  
27 Jan 88 p 3

[Text] The members of the Permanent Court-Martial for Chiefs and Officers of the Armed Forces will have as their mission to determine what sentences will ultimately be handed down against Aldo Rico and the principals implicated in the most recent military incidents.

The court could label their action an "uprising" [sublevacion]. The Code of Military Justice applies this category to "a member of the military who rises up against his superiors while employing force," provided that he does not commit a more serious crime and that the action is undertaken for institutional purposes.

The same article provides that "an active-duty member of the military who makes partisan political comments at public meetings or through the mass media or who openly takes part in activities not authorized by military laws and regulations shall be punished with disciplinary measures or dismissal."

If the members of the Permanent Court-Martial define Rico's crime as a "mutiny" [motin], the instigators, ringleaders and highest-ranking or senior officers who

took part in it will be sentenced to death or to an indeterminate prison sentence in the following cases: 1) If they caused bloodshed; 2) If it took place in the face of the enemy, and 3) If it endangered the existence of a military force or gravely compromised an operation of war.

Whoever was involved in the crime will be imprisoned for an indeterminate period, the sentences ranging from 5 to 25 years.

The instigator of the mutiny is the member of the military who, with the troops mustered, raises his voice in a subversive manner or in any way incites them to commit the crime.

Members of the military are guilty of mutiny when together four or more of them engage in violence, disrespectful conduct or insubordination against a superior; also guilty of mutiny are, in general, those who collectively adopt a hostile or disorderly attitude towards the command.

Those who protest to or make demands of a superior in a disorderly manner, verbally or collectively, thus expressly or tacitly claiming representation of an armed force, and those who take up arms arbitrarily, thus ignoring the orders of their superiors, are considered guilty of the crime of mutiny.

Meanwhile, the military-court judges continue to conduct the respective hearings, acting under the regular peacetime procedure at the behest of the Defense Ministry.

After establishing the facts, they began in principle to gather the data and background information that could influence their determination of the crime.

The measures necessary to apprehend the defendants who are still at large are also continuing.

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**Public's 'Passive Attitude' Termed Factor in Rebels' Failed Attempt**  
33480062c Buenos Aires *MERCADO* in Spanish  
28 Jan 88 p 21

[Commentary by Gerardo Lopez Alonso: "The Military Once Again"]

[Text] "History is an attempt to make sense of something that has absolutely none." (T.E. Lessing)

During these trying days there has been no lack of analysts who have tried to interpret the most recent military developments in an excessively flippant and simplified manner. What is generally known as the "Rico affair" was judged rapidly and superficially in terms of "loyalists" and "black faces," in other words,

supporters of the government or of sedition. In point of fact, this way of looking at things is far from realistic. One can find a little bit of everything in the Argentine Armed Forces, except many officers who are "loyal" to the administration. Even though the administration did not conduct its relations with the military as clumsily as certain ill-intentioned critics would have us believe, the fact is that the military issue has not been resolved by the fact that Rico is in prison in Magdalena. Rico's "banners" in the strictly military arena were shared by a good many of his comrades and retain their currency after the events at Monte Caseros. To put it differently, the degree of certainty with which one can assert that Rico's demand has been filed away and left behind once and for all will depend on the objective evolution of events, not on the expressed wishes of the analysts.

#### The Military Structure

In support of my statements, I would point out that as early (after the events at Monte Caseros) as the 19th of this month, General Caridi himself stated that Rico had transformed "legitimate aspirations" into something personal; in other words, he was questioning Rico's approach (which is obvious, moreover) but not his underlying demand. We would have to add, of course, that the consensus as to Rico's "banners" had to do with their strictly military aspect. In this regard we must say that Rico's message underwent striking transmutations over a short time. He began with internal army grievances, moved towards issues that were glaringly outside that sphere, turned them into a political proclamation and wound up with an armed uprising (and it was there that he lost the support of his comrades).

In the army, as in any other institution, there are extreme positions: blacks and whites, between which there extends a broad gray area. But such halftones disappear when the point of no return is reached: either you support or do not support the rebellion or the crackdown, respectively. Compromises have no place in dealing with the language of weapons. And then the traditional culture of the vertical chain of command takes precedence, helped on, according to Potash, by the administration's actions as of Holy Week. Perhaps, but this point requires a more in-depth investigation, the outcome was also helped along by the distance that a substantial number of officers put between themselves and Rico because they do not share his extremist ideas (rightwing and nationalist extremism are just that), ideas that would inevitably turn an internal demand to the generals into something that wound up dragging in the government, as Rico himself acknowledged.

But we must add something else: the army, like every group of human beings, consists of active groups of various persuasions, which are like islands in a sea that is mostly undecided, passive or, rather, waiting to see what others do. This wait-and-see majority is what ultimately decides situations, as happens in politics with the vote of the silent majorities. And this majority did not support

Rico even though it shared his banners, because (besides giving priority to the chain of command) it was not willing to follow him in his extramilitary, extraprofessional adventure. And such an adventure is implicit in every armed uprising. Entering the realm of hypothesis, we might venture that a majority of the officers could share his military grievances, but no doubt many do not agree with his political ideas, and perhaps many more do not even know clearly what they are. Under such circumstances it is not easy to secure support for a military group that seeks to gain power and political space. Those who are outside the group do not know, in point of fact, whether their support may not further the rise of someone who, once on top, might rid himself of his helpers.

#### **The Protagonist**

Nevertheless, the protagonist in the events at Monte Caseros was the common man, who kept on working or enjoying the sun at the beach, showing a wise, Olympian disdain for the movements of the rebellious lieutenant colonel. It is not true, as was said, that Rico paralyzed Argentina. The country was not paralyzed in the slightest, and this sort of passive resistance played its role in the failure of the mutiny. Because without any doubt whatsoever a climate of widespread agitation and paralysis would have created more favorable conditions for the seditious movement's strategy. But there is still more: unlike previous cases, there were at least three spontaneous grassroots demonstrations during this episode. The public was not summoned to any square (the government did not do so, fortunately), but when the inexplicable attempt to take the Aeroparque was made, people harshly rebuked the military personnel who were pointing their weapons at them (some even shouted long live President Alfonsin). At almost the same time, residents of Monte Caseros gathered outside the gates of Regiment 4 to boo the rebels. Finally, when a confrontation seemed inevitable, some soldiers reportedly took the risk of leaving the rebels' ranks. The noteworthy point, it bears repeating, is that none of this was prepared or orchestrated beforehand, which makes this a social phenomenon that warrants study.

#### **Rejection by Society**

It is not exaggerated to think that in the wake of these episodes (and other signals that have been perceived during these trying days) Argentine society is rejecting the idea of the military occupying center stage in the

nation. The comment "the military again!" uttered with supreme disgust, expresses this rejection perfectly. Because of what Rico did, the military has once again perforce made itself the problem, when it is just one problem of the many facing the country. Argentine society has rejected the idea of one sector elbowing its way into the spotlight; it knows that there is a military question that must be addressed, just as the problem of education, retired workers or the economy must be addressed. But it refuses to be forced arrogantly into dealing with the military issue as a priority, at a time when everyone else agrees that they have to wait and postpone their expectations.

Of what use have these years of democracy been? They have been of use fundamentally so that we Argentines can look each in the face, so that problems (at times falsely hidden) could see the light of day. After more than 4 years of civilian government Argentine society is overwhelmed by the weight of the obstacles with which it must deal. The society is beginning to develop an awareness of its real situation (which is not at all simple); it is seeing the economic crisis in its true dimension; the difficult political response to this crisis; the labor union question; the deficit; inflation. It has become aware that all of these problems can be resolved with participatory, harmonizing prescriptions. It does not have the solutions; it merely has before it a quite realistic picture of its difficulties. It is for this very reason that it is annoying for one sector to take over the crisis and turn its internal situation into a national problem.

#### **An Anguished Society**

In the final accounting, what segment of Argentine society is not experiencing anguish, being held back, undergoing an identity crisis? And yet none of them, except the military, can give voice to its own problems by force of arms. Why can a lieutenant colonel, but not a teacher, keep the government up in the air? This is what causes irritation, not the acknowledged fact that there is an unresolved military situation. And this irritated society, which this time was not summoned to any square, indifferently chose to shout at the military: "Gentlemen! Be patient and wait your turn, as the rest of us Argentines are!"

**Support for 5-Year Term for Sarney, Big Center Assessed**

33420046a Sao Paulo VEJA in Portuguese  
20 Jan 88 pp 28-29

[Text] On a matter which has been the worst nightmare of the Planalto Palace since the president's inauguration, the developments at the Constituent Assembly last week, for the first time produced euphoria at a meeting in the office of President Jose Sarney. Aided by a gigantic government mobilization, in which ministers and top-level officials rolled up their sleeves to work with the parliamentarians one on one, Matheus Iensen, PMDB deputy for Parana, gathered 317 signatures to support a 5-year term for Sarney—37 more than an absolute majority for the plenary session. "I thank you for the effort you have made for me," a delighted Sarney said on Thursday when he met with Iensen and the government bench team to examine the actual petition. "What a radical minority wants—that the term of the current president be different from that of other presidents—would represent discrimination, a kind of annulment," Sarney added on Thursday in the course of the radio program *Intimate Talk*. According to the regulations governing the Constituent Assembly, amendments with more than 280 signatures will be voted on before the text drafted by the Systematization Commission, and as of now, the deputies who want direct elections in 1988 will have to redouble their efforts. First of all, they will have to rally a majority to reject the Iensen amendment, and then they will have to repeat the effort to get approval for the 4-year term.

The marathon effort to obtain signatures began on Thursday the 7th, when the president summoned the eight ministers closest to him to a meeting at the Alvorada Palace to draft the strategy for gathering signatures. With a promise of a post in the Docas do Rio de Janeiro Company, PFL Deputy Simao Sessim signed the amendment in the Civilian Household of the Presidency of the Republic itself. Minister of Housing, Urban Affairs and Environment Prisco Viana dispatched the head of his ministerial department staff, Silvio Romulo Guimaraes de Andrade, to Manaus on an Air Force HS jet to obtain the signature of PDT Deputy Jose Fernandes, who just a few days earlier had told Governor of Amazonas Amazonino Mendes that he would not sign. Andrade, who was successful in his mission, denied that a government plane had been used. "I flew on an old monoplane," was his equivocal comment.

In this all-out effort staged by the government and accepted as natural by the parliamentarians, the Planalto Palace destroyed the myth that its machinery cannot operate under a single commander. In Parana, where Governor Alvaro Dias remained adamant in his defense of the 5-year plan, the Federal Economic Fund released 7 billion cruzados in loans for the state government and the prefectures. The mass support of the 5-year term by the members of the bench loyal to Sao Paulo Governor Orestes Quercia made it clear that his pronouncements

about the public demand for a shorter term was only for external consumption. Three weeks ago, when Quercia appeared to be tending toward the 4-year premise, the coordinator of the PMDB bench in Sao Paulo, Deputy Roberto Rollemburg, who had already signed the Iensen amendment, sought to learn from the governor how the parliamentarians should vote in the Constituent Assembly. "There is no need to change anything," Quercia answered him. "I was merely making a political statement."

The Iensen amendment, which was signed by 162 of the 302 PMD parliamentarians, dumped a bucket of cold water on the group which calls itself "historic," dampening even Deputy Ulysses Guimaraes, who 2 weeks ago said he was hearing people in the streets asking that Sarney's mandate be shortened. Despite the celebration in the Planalto Palace, approval of the 5-year term is as distant as the 4-year term established by the Systematization Commission was. "What really matters is the votes, not the signatures," PMDB Senator Fernando Henrique Cardoso says. The very week the government was celebrating its triumph, the parliamentarians in the Constituent Assembly rallied 345 supporters for an amendment providing for this system of government as soon as the constitution is approved, thus creating a threat—that of leaving Sarney in power while taking Sarney's power away. As evidence that signatures do not mean votes, the presidential group gathered 349 signatures for its proposal. As there are only 559 constituent delegates, there had to be more than 100 who supported both amendments.

The Iensen amendment shows that the majority of the delegates want the length of term the president does. What might cause them to change their minds is a combination of poor government action in the economic sector, persistence of the president's unpopularity and pressure from the public. The signatures won by Sarney represent support from various categories. "If the government makes a commitment to the Northeast in the new constitution, my signature will become a vote," PFL Deputy Alberico Cordeiro of Alagoas promises.

In an operation similar in proportions to that mounted at the Planalto Palace, and with the aid of the government, the Big Center succeeded in gathering more than 280 signatures for the 11 amendments it has proposed. The president of Autolatina, Wolfgang Sauer, and the president of Mercedes-Benz, Werner Lechner, tried to persuade PMDB Senator Raimundo Lira of Paraiba, who is vice president of the Automotive Vehicle Distributors Association, to sign the proposals as well, but without success. "We achieved a miracle," PFL Deputy Eraldo Tinoco, who was in charge of presenting the Big Center amendments, said.

Seemingly, the complex of bloc proposals almost entirely took the place of the Systematization Commission project. The content of the proposal shows an inclination toward negotiation. The Big Center has eliminated such

absurdities as the national oil product distribution monopoly, has allowed alternatives for the negotiation of such controversial issues as stability, and, surprisingly, has retained provisions in the social rights sector which it describes as abominable (see subhead "The Big Center Proposals" below). The 120-day term for maternity leave and the 44-hour labor week, for example, would remain intact. In the end, by amending the section on agrarian reform, the group damaged the best agreement yet obtained in the Constituent Assembly. In the best demonstration of the fact that it is oriented along the path of understanding, the Big Center proposal succeeded in winning both criticisms and signatures from the right wing and distant support from the left wing. "I agree with 40 percent of the content of the amendments," PDS Deputy Delfim Netto, who gave his support to all of them, said. "I would sign the Big Center proposals with a few corrections," said PMDB Deputy Michel Temer, who has signed none of them.

#### **The Big Center Proposals**

The Big Center, which succeeded in getting the internal regulations of the Constituent Assembly amended last December by a vote of 290 to 16, is now putting forth a new proposal to replace that approved by the Systematization Commission.

The following are the points this group would like to see changed.

#### **Stability**

This is the Big Center innovation. The Systematization Commission proposal to guarantee jobs provides no protection for the open positions of about 15 million wage earners, and allows dismissal by enterprises which are implementing technological innovations or facing financial difficulties. The Big Center proposal provides indemnification for all employees at the rate of one month's wages per year worked in case of dismissal without justification. The proposal does not guarantee employment, but aids those in greatest need. It will easily win approval, but the question is whether this indemnification will be retroactive, for how long a period, and if there will be a ceiling or not.

#### **Foreign Capital**

The Big Center proposal eliminates one of the great absurdities approved by the Constituent Assembly thus far—the nationalization of oil product distributors. It reduces the differences between domestic and multinational enterprises proposed by the Systematization Commission, and as has been the case to date, enterprises with foreign capital will be entitled to fiscal incentives similar to those granted enterprises with domestic capital.

#### **Income Tax**

The "bite of the lion" will remain the same. The difference is that the Big Center proposal would eliminate an additional 5 percent on the income tax which could be collected by the states on the basis of the Systematization Commission amendment. The Big Center proposal would also free the taxpayer from the possible need to pay for the compulsory loans the states and municipalities might approve.

#### **Agrarian Reform**

With this proposal, the Big Center reveals its conservative nature, by abandoning the healthiest agreement of a social nature achieved under the New Republic. The Big Center would create mechanisms to defend owners, with the provision that expropriation could only be effected by the state after a budget and a settlement plan for the farm workers in the area had already been approved, with this step being preceded by the establishment of an administrative process based on an official survey of the land to be distributed.

#### **Right To Strike**

In this sector, the Big Center would copy the current legislation. Government employees are prohibited from striking, as are those working in essential sectors, such as, for example, health and transportation. The Systematization Commission proposal would give everyone the right to strike.

#### **Retirement**

The Big Center proposal eliminates another great absurdity proposed by the Systematization Commission—retirement at the full amount of the last wage while in active service. Consistent with this idea, which won approval with the support of Lula, the retirement pay of someone receiving 200,000 cruzados, for example, would be covered by the workers who are paying in two thirds of that body's income and who are receiving up to 10 times the minimum wage, or 45,000 cruzados. The Big Center proposal would calculate pensions on the basis of one half of the last 12 wage payments. Thus a government employee earning 10,000 cruzados at the beginning of last year and a wage in December of 41,000 cruzados would retire in January of this year with a pension of 26,000. On the basis of the present legislation, this same worker would retire with a pension of 17,000 cruzados.

#### **An Absurdity**

After waging a battle for the right of amnesty for more than a decade, the left wing has limited this right, in the Systematization Commission proposal, to those sentenced for the practice of torture. The Big Center proposal would increase the restrictions and would also deny amnesty to those sentenced for drug trafficking and terrorist acts. If approved, this measure might favor the

practice of homicide in police stations, for example, because torturers might prefer a crime for which they are assured not only of bail, but amnesty as well.

5157

**Pires Supports General Elections if 4-Year Mandate Voted**

33420045b *Rio de Janeiro O GLOBO in Portuguese*  
6 Jan 88 p 2

[Text] Recife—The minister of the Army, Gen Leonidas Pires Goncalves, said yesterday that if the National Constitutional Assembly reduced President Jose Sarney's term to four years, "in order to be consistent" it should also call for general elections. Minister Leonidas presided at the ceremony yesterday morning at the Northeast Military Command Headquarters on the occasion of the installation in office of Gen Helio Pacheco, the area's new commander. He replaces Gen Luiz Ururahy Neto, who was transferred to the Army's Economics and Financing Department as assistant head.

Leonidas does not think that slow progress in the Constitutional Assembly will prejudice consolidation of the democratic process, but he does believe it may have negative consequences on the country's economy, because many, both here and abroad, "are awaiting the rules of the game before investing, which is a very vital matter for this country."

Upon assuming the office of military commander of the Northeast, General Pacheco stated his desire to maintain an on-going dialog with all authorities in his area. He expressed surprise at the "harmonious attitude" he saw in Pernambuco and hopes to maintain it so long as he remains military commander of the region.

Gen Ururahy Neto, who served as interim military commander of the Northeast for a year, transferred the command to his successor and left yesterday for Fortaleza, where he also commanded the 10th Military Brigade. From there, he will continue on to Brasilia to take up his new duties.

State governors Miguel Arraes (PE), Tarcisio Burity (PB), Geraldo Melo (RN), Antonio Carlos Valadares (SE) and Fernando Cesar Mesquita (Fernando de Noronha) attended the ceremony, in addition to vice governors Castelo de Castro (CE) and Moacir Andrade (AL).

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**General Euclides Figueiredo Issues Antigovernment Manifesto**

33420048b *Sao Paulo O ESTADO DE SAO PAULO in Portuguese* 16 Jan 88 p 6

[Text] Rio State Agency—"The present government, eroded by consecutive failures and violent pressures of all types, is no longer in a position to sustain itself." This

is an excerpt from the manifesto which General Euclides Figueiredo issued yesterday in Petropolis, during the celebration of the birthday (70 years) of his brother, the former president of the republic, Joao Batista Figueiredo. It was a great celebration for the candidate, attended by nearly all of his former ministers, as well as politicians, military on active duty, and friends.

The manifesto, entitled "In Defense of Democracy," was distributed to certain persons, and is a document opposing socialists and communists, whom the general describes as "demagogues by training." Dated 12 January, the text is virtually a convocation of former colleagues to political action, "using the democratic processes"; devising a strategy for organization to lend support to parties and candidates in elections. General Euclides wants this organization process to begin with task forces of up to 10 persons, both civilian and military, holding weekly meetings to analyze each party and its leaders, "eliminating those committed to 'progressives,' adventurers, and corrupt elements, and signalling them for public abhorrence."

The manifesto claims that if this concentration of efforts is achieved, "we shall soon constitute a force capable of imposing our will on the election and the destinies of our nation, because this endeavor must continue indefinitely." The general also suggests that a vehicle for communication be used to publicize the group's ideas, which would be given the name "Letters on the March."

**'I Shall Resist'**

The birthday celebrant, Joao Figueiredo, very talkative and in good humor, chose not to comment on his brother's manifesto, only remarking that General Euclides is a citizen "and as such can say what he wishes." The celebration was organized by the group of civilian and military friends who are supporting his candidacy for the presidency of the republic in the next direct elections; and Figueiredo, after behaving shyly toward reporters at the beginning of the party, soon loosened up, but consistently denied that he would be a candidate.

"You'll have to look for me here, but still, I shall resist," he assured them, responding to his friends' insistence. He mentioned the demonstrations which had taken place against the Sarney government the night before in Rio de Janeiro; claiming that "they show the people's dissatisfaction with the crisis." In response to a question as to whether he himself might have a share of the blame for this crisis, he evinced some annoyance, but then composed himself and replied, assuring them that he had not left the people starving.

A reporter led the conversation to Figueiredo's affiliation with PSD (Social Democratic Party), asking whether he was not afraid of being used by a small party. "Do you think that I am a child or an ass? If I want to engage in politics, and I don't, it would have to be with the parties

that exist here." The next question was: "Do you think that the transition is ended now?" "But has it ever started?" retorted the former president. Joao Figueiredo analyzed the country's situation, declaring that Brazil is experiencing an economic dictatorship, "with heterodoxic shocks and endless decree-laws."

Present at the party celebrating the former president's 70th birthday were no fewer than 11 of his 14 ministers, including Wlater Pires (former army minister) and Delio Jardim de Matos (ex-minister of aeronautics). But none of them wanted much talk with reporters. The most excited was Cesar Cals, considered the main civilian leader of the movement on behalf of the former president's candidacy. Cals thinks that the group will soon manage to overcome the ex-president's resistance, and make him a candidate, which Cals himself indicates as being the best at present. To justify this, he recalled that fact that, in the last IBOPE [Brazilian Public Opinion and Statistics Institute] poll, Figueiredo ranked second in 300 municipalities, losing only to Leonel Brizola, whose name, when mentioned among the guests, received one comment: "Vade retro" [get thee behind me, Satan.]

#### 'Not Even 2 More Days'

The former president of the republic took advantage of the enthusiasm, because, at the end of the party, since the topic was political, he gave an impromptu speech in the stables, using the microphone of a Northeast ensemble hired to liven the party. He made many criticisms of the Sarney government, although he has defended a 5-year term "for any president"; but he attacked the present government, which "should not last even 2 more days." And he maintained: "They have no way of preventing me from talking. And, whether a candidate or not, most likely not, the polls are what will have the say."

Nearly 500 persons were at the Dragon Ranch, as well as an enormous contingent of reporters standing at the door, waiting for the former president's statements at the big political celebration. Joao Figueiredo did not even show any resentment toward the press, with which he had some dissension during the final phase of his term as president of the republic.

Madame Dulce, former first lady of the Republic, was not seen among the guests, and the president himself received all of them, with his children, daughters-in-law, and grandchildren. A security guard for the ranch ensured that Madame Dulce would be in a different wing of the premises, helping to prepare the private dinner for the ex-president's family members.

#### Unlikelihood of Defections From PMDB Viewed

33420049b *Sao Paulo O ESTADO DE SAO PAULO*  
in Portuguese 16 Jan 88 p 3

[Text] Brasilia—No one is going to leave the PMDB [Brazilian Democratic Movement Party] very soon. In many cases, it is not because of a lack of desire. The fact is that if they leave—be they old-timers, later arrivals from the Progressive Unity Movement or the independent Left, or even Shiites—they will immediately find themselves out in the hot sun looking in. They will become insignificant bits of small slates in no position even to compete in municipal elections, much less those at the state and federal levels. One or two would escape the conflagration thanks to the positions of leadership they occupy, but the majority would disappear outside the PMDB.

As a result, the strategy being adopted by discontented groups in the PMDB is that of making threats, saying that they are going to leave, exerting pressure, and attempting intimidation, but in fact, they all know that the teats of the party are still the best guarantee that no one will starve to death. The reason, as Ulysses Guimaraes always says, is that the PMDB is the milk cow that feeds everybody.

If the presidential election were to be scheduled for this year—a hypothesis that is growing increasingly remote and improbable—it would still be possible to venture into declared dissidence and move into an emergency shelter: any small party at all that might serve as a launching pad for a candidate to the left of the PMDB. Mario Covas, Fernando Henrique Cardoso, and even Waldir Pires are likely candidates. Since a 5-year term for President Sarney appears to be a sure thing, we are not going to have elections or any rash candidacies on the party's periphery. That being the case, the best solution for those irked at the majority is to stay in the party and try to find space for themselves by paying close attention to the circumstances of the moment, which have helped them more than once. They are starting to depend on the government's mistakes for their chance—who knows when?—to awaken the majority of the rank and file and co-opt certain groups in the center who are liberal and not so moderate. They are watching for the curve in the road just to be on the safe side.

The absence of an election this year is going to throw the PMDB into even more confusion, because if the presidential election were held in November, there is not the slightest doubt that Ulysses Guimaraes would be the candidate. The Left would find it difficult, though not impossible, to challenge its all-powerful chairman and launch into the hazards of putting up an alternative candidate. Doing so might be easier in 1989, because Ulysses Guimaraes will then be facing bigger obstacles having to do with his age (he will be 73 years old) and the greater loss of popularity that will naturally ensue from the fact that he has a share in power. If the Sarney administration collapses in this final remaining period,

public opinion will demand candidates having no connection with the New Republic—something that Ulysses could not transform himself into even if he wanted to. But the minority in the PMDB will not be alone in throwing firecrackers at the congressman from Sao Paulo. The most dangerous explosives will come from the center. Now taking shape is the candidacy of Orestes Quercia, the chief beneficiary of a 5-year term for President Jose Sarney. He would not be a candidate in 1988, because he would not want to step down as Sao Paulo's governor that soon. But he would in 1989. He is working toward that end and, obviously, against Ulysses Guimaraes.

That is the point on which the PMDB's leftwingers are focusing their argument. Knowing Quercia as they do, they know that by the middle of next year, the Sao Paulo governor will have extended and solidified his influence with the party's national committee, its leaders, and its bloc in Congress. That will provide the oxygen required for attempting tomorrow that which has been abandoned today: a dissident movement to launch an alternative candidate who might even have Ulysses Guimaraes' support. To be successful, that effort would have to focus on someone better able than Quercia to represent the party. Someone from Sao Paulo or, preferably, some other state.

The interesting thing about those projections is that whether they are concerned with the impossible dream of an election this year or with 1989, they have a common denominator. Few people in the PMDB believe that a party candidate would be successful at the ballot box, regardless of which version is presented to the public. For some time now, every public opinion poll has indicated a sizable lack of public support for the names mentioned in connection with the party. Society in general makes a connection between the PMDB and the government. For that reason, many people still believe that it would be better to face elections this year than next. It happens that there will also be elections for mayors and municipal councilors this November. And they would certainly have an influence on the presidential election even without the obligation to vote a straight-party ticket. The best organized parties in the municipalities would use their municipal candidates to support their presidential candidates, and the PMDB has executive committees in each of the country's more than 4,000 municipalities. The situation in 1989 will be different. The election then will be exclusively for president of the republic. Leonel Brizola will benefit from the delay, and so will anyone else who takes up the banner of broad and unrestricted opposition.

In short, the PMDB continues to be what it always has been. Confused and rife with squabbles, conflicts, and endless internal quarrels. But with one peculiarity: despite all that, no one is courageous enough to leave its ranks. The only time anyone tried, he failed. Tancredo Neves headed the formation of the PP [Popular Party] back in 1982, and he took a good number of moderates

with him. He was forced to return, not so much because of the constraints of arbitrary legislation but because he realized that his political assessment was wrong.

11798

#### Army Ministry Investments in 1987 Modernization Surveyed

33420049c Sao Paulo *FOLHA DE SAO PAULO*  
in Portuguese 10 Jan 88 p A-11

[Text] Brasilia—In 1987, the Ministry of Army invested about \$300 million (22.5 billion cruzados at the official exchange rate) in arms procurement and \$250 million (18.75 billion cruzados at the official rate) in barracks construction, renovation of its training establishments, and technology. Those figures are found in a report to which FOLHA DE SAO PAULO has had exclusive access. Excerpts from the report were published in the NOTICIARIO DO EXERCITO last 31 December. Those Army investments are part of the re-equipment and modernization plan known as Ground Force-1990, or FT-90, which will continue through the end of this decade.

In the area of research, the Army is building an Electronic Warfare Installation Center in Brasilia, where computer-controlled radars have been installed. That equipment makes it possible to locate a target easily, and if the target is using equipment to confuse the radar that located it (countermeasures), the radar responds with signals which block those countermeasures (counter-countermeasures) and locates it again. An Automated Cartography Center has also been established, and beginning in 1990, it will create digital maps.

As far as war materiel is concerned, the Army purchased 24 units of the Urutu (an amphibious reconnaissance vehicle) and 30 of the Jararaca (a reconnaissance and assault vehicle) from ENGESEA [Specialized Engineers, Inc.] in 1987. And 60 units of the EE-T1 Osorio heavy tank are to be incorporated into the Army. Four batteries of the Astros-2 multiple rocket launching system manufactured by AVIBRAS [Aerospace Industry Corporation] were acquired. Now being negotiated is the purchase of second-generation antitank surface-to-surface missiles with night vision and a fire control system for antiaircraft and field artillery.

The Army has spent about \$230 million (17.25 billion cruzados at the official rate) to purchase armored vehicles, but total expenditures under the FT-90 plan amount to about \$1 billion (75 billion cruzados at the official rate). ENGESEA's sale of 1,200 Osorio tanks to Saudi Arabia enabled the firm to supply the Army with 60 tanks and save about \$150 million (11.25 billion cruzados at the official rate).

In the Amazon Region in 1987, to ensure security on Brazil's frontiers with the Guianas, Ecuador, Bolivia, and Venezuela, the Army set up the 5th Frontier

Command/5th Special Frontier Battalion in Sao Gabriel da Cachoeira, Amazonas, to prevent illegal entry into the country and combat the drug traffic.

For 1988, the Army plans to organize seven logistics battalions, two division communications battalions, one antiaircraft artillery group, two mechanized cavalry troops, four communications companies, and four combat engineer companies in locations that have not yet been determined. In the area of research and development, priority is being assigned to the procurement of armor and military vehicles; engineering, communications, and electronic equipment; missiles and launch rockets; and light weaponry.

11798

**Mailson on Budget Goals, Debt Negotiation, Wage Policy**  
33420045a Sao Paulo VEJA in Portuguese  
13 Jan 88 pp 3, 4, 6

[Interview by Odail Figueiredo Jr. with Mailson Ferreira Nobrega, new Treasury minister: "Time for Heroic Measures." First paragraph is subhead.]

[Text] According to the new minister of the Treasury, the government must be concerned with rice and beans as well as controlling public expenditures and inflation.

It is not government practice for a temporary post to be the most direct stepping stone to a position at the highest level of government. This time, in yet another round of musical chairs in the government, Bresser Pereira has left the Treasury and his secretary general, Mailson Ferreira da Nobrega, a 45-year-old native of Paraiba, took his place as acting minister of the Treasury, and President Jose Sarney left for Maranhao to spend a few days celebrating the end of the year, waiting for potential candidates to begin the usual jockeying for position in their bid for the job. But no candidates came forward, so on Friday, almost at the end of his temporary appointment, Mailson was formally named the fourth minister of the Treasury in this administration, which still cannot decide what to do about the economy.

Mailson, who had been the right-hand man for three ministers in the last two governments and who almost remained in the secretary general's job at Treasury when Ernane Galveas gave the post to Francisco Dornelles early on in Sarney's administration, accepted the appointment willingly. "We cannot ever afford to neglect efforts to control inflation," he told interviewers last week. Prudent and experienced in the workings of government, Mailson, a careerist with the Banco do Brasil, slowly gained the support he needed to reach the top of the list of names being considered by Sarney for Bresser Pereira's job.

The Sao Paulo State Federation of Industry sent the president a poll indicating that Mailson was by far the preferred candidate of business. Northeastern politicians also worked for the appointment of their favorite son to the Treasury post, a development that had not been seen since the Joao Goulart government. Married and the father of four, Mailson refuses to talk in terms of new economic shocks or showy plans. "Economic policy is made on an everyday basis," he said. Last week, before taking office, he gave VEJA the following interview:

#### Controlling the Deficit Is the Key

[Question] Do you feel at ease taking office as the minister of the Treasury with hyperinflation breathing down your neck?

[Answer] First, I don't think there will be hyperinflation if the government is successful in controlling the public deficit. Inflation demands first priority attention, beginning with meticulous scrutiny of government spending. Controlling the deficit is the key to economic policy. If this can be done, I am sure inflation will abate.

[Question] You have already said that you are against a "Mailson Plan" along the lines of what your predecessors promoted, with austere measures like price and wage freezes. Are you a minister without a plan?

[Answer] No, on the contrary. The government already has seven economic plans. We have the National Development Plan, the Plan for Goals, the Cruzado Plan, the Cruzado II Plan, the Bresser Plan, the Macroeconomic Plan and the Government Action Plan. We don't lack for plans. They only need to be adapted to new conditions.

[Question] What guarantee is there this time that the government will implement any of these plans formulated by your predecessors at Treasury?

[Answer] Few realize that for the first time in the history of Brazil, we have a unified budget this year. It takes into account all income and expenditures, provisions for the deficit and increased public debt. Now it is only a matter of implementing it. This budget differs from all the previous budgets in two important respects. First, it is forbidden to finance public expenditures outside the framework of the budget—the Banco Central and the National Monetary Council have lost the right to authorize new lines of credit, subsidies and aid for businesses. Second, from now on, any additional expenditures proposed to the Congress must indicate how funding is to be obtained. This law places constraints on the assumption of new spending by the government without planning for funding and will send the market signals about how the public coffers are faring.

[Question] Your predecessors left office blaming President Jose Sarney for the failure of the economic plans they tried to carry out. What makes you think things will be any different now?

[Answer] The Treasury minister alone does not have the power to control the deficit. The government will either pull together as a whole or continue wrangling pointlessly at every new pressure. Austerity has to be a government decision. I am encouraged because I talked with President Sarney for four hours straight on Curupu Island in Maranhao New Year's week, and we spent two thirds of this time discussing issues related to the public deficit. I felt that the president was ready to support a policy of austerity. I think the president has taken very much to heart the argument that the time has come to dispense with the trend for package deals, heroic measures and miracle solutions. The time has come for the government to convince the public that it is more a matter of an everyday approach, watching out for rice and beans, if you will, which sounds very simple but is very important. What do I mean by rice and beans? Implementing the budget.

#### Doing Away With Package Deals

[Question] How do you think the budget act can be implemented in a country where even the Constitution is not highly respected?

[Answer] Of course, the possibility that spending will increase exists, but it has become more difficult to initiate new spending. In the past, the minister of the Treasury could authorize the Banco Central to provide funds to the Banco do Brasil, extend loans to cities and states, and subsidize agriculture and exports with a stroke of the pen, without worrying about whether the funds to do so existed. The Treasury Ministry enjoyed the power to authorize expenditures that could only be compared to the kings of medieval Europe. This is no longer the case.

[Question] The budget you are planning to implement provides for an inflation rate of only 120 percent in 1988, and the Constitutional Assembly is threatening to transfer a large part of tax revenues from the Federation to the states and cities. Are you not talking about a figment of your imagination?

[Answer] In fact, at the time the budget was drawn up, the inflation rate was forecast to be even lower. I could give a simplistic answer and say that if the inflation rate is greater, government revenues will also be greater, which would not be true. As the inflation rate rises, the deficit also grows, since revenues reach government coffers out of phase. There are taxes that are collected in 45 days with no adjustment for inflation. This is really a difficulty. Now, only everyday management will determine whether the government will reach its budget goal this year, even if the inflation rate is higher. The goal is a deficit of only 1.27 percent of the gross national product.

[Question] What must be done in order to reach this goal?

[Answer] The government will have to review personnel, maintenance and investment outlays under a new law that requires a surplus of tax revenues and reduction of expenses. In fact, this year's budget could hardly have been drawn up any other way. We are going into 1988 still not knowing whether the Constitutional Assembly will effectively decide to change the system for distributing funds to the cities and states. This is an area of uncertainty. We can only take a precaution: in a recent decree, the president of the Republic froze two thirds of nonconstitutional transfers.

[Question] How much would the Federation lose in tax revenues under the new Constitution as it is now drafted?

[Answer] If the bill now being debated is approved by the Constitutional Assembly, the Federation would lose approximately 6.5 percent to 7 percent of 1988 revenues, or about 180 to 200 billion cruzados. Some 160 billion cruzados would be distributed to the cities and states. Then the books would be more or less in balance.

[Question] The president has promised several times to implement austerity measures, but he has never carried them out.

[Answer] It is very difficult to govern a country where the president of the Republic and the minister of the Treasury can authorize almost any outlay outside the framework of the budget. Until now, refusing a request for money from a governor or businessman was sign of rejection, an indication of lack of political support. In other words, the National Treasury did not have a legal framework that enabled it to resist pressure for greater public spending. Now, government officials, including the president, can say, "I can't release the funds because the law doesn't allow me to." Approval of public expenditures by the Congress is no longer a rhetorical matter.

[Question] As a minister coming from the Northeast, will you cite the law and refuse requests for more funds made by politicians from the Northeast?

[Answer] Of course. The minister of the Treasury is to implement the budget and oversee cash flow. Nothing more. He has no program to aid the states. That is the task of other ministries. What the Treasury Ministry always had the power to do in the past was to influence the Banco Central to open lines of credit for public and private sectors. This is no longer the case.

#### Our Task Is To Carry On From Day to Day

[Question] What are the duties of the Treasury Ministry, given these budgetary constraints?

[Answer] Our duty now is just to manage the everyday affairs of economic policy. In the past, there was a primitive mechanism that generated expenditures and bloated the Treasury Ministry, involving it in matters of

food supply, price monitoring, wheat imports, i.e., areas that in other countries would never be decided by the ministry responsible for carrying out economic policy. In any country with a reasonably well organized economy, the agency responsible for food supply is the Ministry of Agriculture. The Treasury Ministry should not be concerned with this problem. But here in Brazil, the Banco do Brasil and a few private banks financed these programs with funding from the Banco Central. The National Monetary Council had only to approve a given transaction and God's will would be done. The Ministry of Agriculture calmly pursued its policy, because the bills were paid by Treasury, regardless of the amount.

[Question] How has the unified budget changed anything?

[Answer] For example, now that there is a unified budget, the rationale for the Treasury Ministry to be involved in food supply no longer exists. The minister of agriculture will have to carry out his various policies with the funds allocated to the Agriculture Ministry by the National Congress. He will have to make decisions on the basis of the funding available.

[Question] Are you in favor of building the North-South Railroad?

[Answer] I am not well informed about the project, but the information reaching the Treasury Ministry convinced former Minister Bresser Pereira that the North-South Railroad was vital to open up new frontiers. It could be a good thing for the interior of the country. From the Treasury Ministry's point of view, the problem is not the railroad, but how to finance it. If its cost lies within provisions for the public deficit, I don't see any reason not to build it.

[Question] Former Minister Dilson Funaro pursued a very generous wage policy. Former Minister Bresser was not so generous. What will your wage policy be?

[Answer] In principle, no change in wage policy is foreseen. But there is a general principle that should be followed: wage increases should not exceed productivity increases. When this rule is not followed, wage increases turn out to be against the workers' own best interests by fueling further inflation, which discourages investment and affects the rate of hiring required to absorb the 1.5 million people who come onto the labor market every year.

#### Layoffs Difficult for Public Sector

[Question] Have you considered changing the current wage policy, which is based on monthly adjustments to the average inflation for the quarter?

[Answer] The drawback of the present system is that it can cause a sizeable deterioration of wages when inflation heats up. In January, for example, we are adjusting

wages by 9 percent while inflation is already 14 percent. It would be ingenuous not to admit that wages fell behind. The solution is for Brazil to switch to free bargaining. In many sectors and in many parts of the country, we are already ready for this. Wage policy will have to be carefully reviewed and debated with the Ministry of Labor. I don't see any possibility for short-term change, but we must begin to discuss the issue.

[Question] Do you think the government should lay off personnel?

[Answer] The government cannot deceive public opinion. It must pursue the goal of increasing the efficiency of public administration, but the fact is that laying off personnel is very difficult. The Constitution protects statutory personnel, who therefore have job stability, and even if they become unnecessary, the Treasury is obligated to continue paying their salaries. Personnel covered by CLT, who are not protected by the job stability statute, have won favorable decisions from the Labor Court, which considers them stable personnel also. It is even a cultural problem. This doesn't mean that it isn't possible to shut down a state-owned company, for example. Even without the immediate benefit to the public coffers of layoffs of government personnel, there would be other gains, in the sense that an unnecessary limb would be cut off that would otherwise grow and generate more costs.

[Question] What do you mean by the pragmatism you are pushing for in negotiating the foreign debt?

[Answer] First, it is necessary to upgrade the level of professionalism in the negotiations. We must respect certain negotiating rules, which are followed by other countries also, and not admit that there are any non-negotiable issues. If there were non-negotiable issues, there would be no negotiations. Of course, we are not going to negotiate national sovereignty, but this is not what we are talking about. One cannot say, for example, that zero spread is non-negotiable. Naturally, the bankers' goal is to maintain the current spread, but Brazil's objective must be to obtain the maximum reduction possible. It is also necessary to prevent the premature divulgence of our negotiating positions. I don't know of any other country in the world but Brazil that does.

[Question] Can the Mexican agreement serve as a model for Brazil?

[Answer] Economic conditions are not the same in Brazil as in Mexico, so Brazil will not be able to reach a similar agreement. Mexico has \$15 billion in reserves and will have little difficulty using \$2 billion to buy US Treasury bonds guaranteeing the issuance of its own bonds. Brazil is not in such a comfortable situation, but it must try to obtain something similar to the Mexican agreement, which is a good one.

[Question] Under preliminary terms reached with creditor banks, Brazil has until 29 January to conclude an agreement on refinancing the debt. What kind of agreement can be reached in such a short time as this?

[Answer] President Sarney's approach is that the external debt issue continue along the same lines charted by former Minister Bresser Pereira. The proposal initially made to the banks on 25 September was for non-conventional negotiations. We will continue along this path, making modifications as necessary.

[Question] Do you intend to reach an agreement with the banks in the mold of traditional renegotiation?

[Answer] Not exactly. By conventional agreement, I mean the model adopted in the 1982-1984 negotiations. At that time, it was thought that the crisis would pass and that everything would be back to normal again or two or three years after a period of cooperation during which the Monetary Fund would provide funds and oversee an economic readjustment program. Today, not even the banks themselves want that type of negotiation, because it is now understood that the Third World's debt problem will require much more time to be resolved. Some are saying 15 to 20 years.

### I Am Just a Typical Official

[Question] Are you trying to reach an agreement with the IMF?

[Answer] None other than former Minister Bresser said that an IMF agreement would be important for what it would mean in terms of opening up new financing for the country. Bresser thought there should be no linkage between IMF funding and private bank funding. This is a matter that is still being discussed and in my opinion, we shall continue to discuss it. That is to say, an IMF agreement has advantages. It is no longer a non-negotiable issue.

[Question] You worked a long time for the so-called Old Republic. The first time your name was mentioned for secretary general at Treasury, the PMDB objected. Deputy Amaral Netto says that your appointment now is "a victory of the Revolution of 1964." Has the PDS been reborn in the government?

[Answer] No. My 25 years in government service has been characterized by strict professionalism in the handling of public issues. I never joined any party, I never publicly announced my party preferences, and I will not do so now. My concern is to do a job that will have good consequences for the country. When President Sarney offered me this post, he made it very clear that one of the reasons he chose me was that I have no ideological or party affiliation. I am a typical career bureaucrat: when I am at the office, I do not talk about my ideological preferences.

8844/12913

### USSR Exports Industrial Lathe Technology

33420045d Rio de Janeiro *O GLOBO* in Portuguese  
9 Jan 88 p 22

[Text] Belo Horizonte—Irmaos Ayres, a medium-sized company in Contagem in the Belo Horizonte metropolitan area, is in the final stages of negotiations with V/O Stankoimport, a Soviet firm, to import technology for manufacturing industrial lathes in Brazil. At the moment, the Brazilian company is researching the market to determine what type of lathes to make.

It is likely that Irmaos Ayres will produce four models of vertical lathes and two models of Montfort-type lathes, which are used in foundries, forging shops and automotive parts plants.

According to Lincoln Aires, marketing manager for Irmaos Ayres, the market research effort will be finished in the first half of the year, as will the framework for reaching an agreement with Stankoimport, the Soviet machine-tool exporting arm.

According to Aires, either a joint venture will be formed with the Soviet company or Irmaos Ayres will pay Stankoimport royalties for the technology. In addition to negotiations with the Soviets, Irmaos Ayres, whose basic operations are concentrated in machining, is investing \$25 million (CZ\$ 1.8 billion) in the construction of a ferroalloy plant in Rosario in the state of Maranhao.

Slated to begin operations in late 1989, the plant will have a first-phase production capacity of 30,000 metric tons of high-carbon ferromanganese a year and 19,000 metric tons of manganese ferrosilicon a year.

8844/12913

### Trade, Technology Transfer Potential Discussed With PRC

33420046c Sao Paulo *GAZETA MERCANTIL* in Portuguese 13 Jan 88 p 3

[Article by David Friedlander: "Company Executive Notes Areas of Business Interest in China"]

[Text] Energy, communications and transportation are the sectors in which Brazilian businessmen would have an excellent potential for doing business with China. This is because it is to these areas that the greater part of the investments planned by the government of that country for the period between 1986 and 1990 has been allocated. This information was provided yesterday by the foreign trade development manager of the General Electric China Co., Ltd., David Liu, during a discussion in Sao Paulo sponsored by the Brazilian-Chinese Chamber of Commerce.

According to Liu, business transactions between the two countries in these three areas could be carried out on the basis of agreements on the transfer of technology, the

creation of joint-venture companies and exports of Brazilian products to China. He explained that Brazil would have an excellent chance of winning out over competitors, in particular in the energy and communications sectors.

"In the energy sector, the Chinese will need technology and equipment for generating, transmitting and distributing energy," the General Electric executive explained. "In the communications sector, they need know-how and equipment for the manufacture of telephones, telephone switchboards, satellites and telex systems, among other things. In both sectors, Brazil has enterprises capable of meeting China's needs."

In the transportation sector, Liu believes that Brazilian activity on Chinese territory would be oriented toward the building of maritime ports and highways. "But China's greatest need in this sector is for railroad networks and locomotives, and I do not know if Brazil has the technology this requires."

The General Electric executive also said that the export of heavy industrial machinery and chemical products offers another business opportunity for the Brazilian business sector. He said that his country spent more than \$30 billion in 1985 and 1986 on imports of these items, and demand is expected to continue to remain high for the next 5 years.

There is also room for the establishment of shops or retail networks in various sectors. By way of example, Liu mentioned that there is one unit of a North American fast-food chain, Contact Chicken, in Beijing, the capital of China. He noted, however, that investments in sectors which are not on the government priority list need to be negotiated separately with the regional Chinese administrations.

And Brazilian businessmen are interested in exporting manufactured products to China, the president of the Brazilian-Chinese Chamber of Commerce in Sao Paulo, Bettina Lecoi, said. She stated that various inquiries have already been received, mainly in the paper and pharmaceutical products sectors. Recently Lenci received a request for a study of the gas supply system in China from a major national enterprise in the gas-distribution sector.

#### Santa Catarina

On the 10th and 11th of this month, representatives of the Brazilian-Chinese Chamber of Commerce and the consulate general in Sao Paulo are scheduled to participate in a meeting with Santa Catarina businessmen and government authorities in Florianopolis. According to Manoel Machuca Neto, the special adviser for international affairs in the government of Santa Catarina, the purpose of the meeting is to increase trade between that state and China, as well as to sign protocols of intention for the mutual exchange of technology.

According to Machuca, Santa Catarina exported goods worth a little more than \$10 million to China between January and October of last year. The goods sold included motor compressors, textile items, frozen meat, ornamental and paving tiles, tobacco, soybeans and craft paper (for printing), among other things. "The Chinese representatives will be welcomed by Governor Pedro Ivo, and they are expected to sign at least one technological-exchange agreement, pertaining to the fishing sector," Machuca explained.

Between January and June of last year, bilateral trade between the two countries came to a total of \$265.4 million. Brazil exported goods worth \$145.8 million and imported goods worth \$119.6 million. According to Liu, the total of this trade at year's end should have come to about \$500 million. Almost 80 percent of Brazil's exports were limited to the iron, steel and nonferrous materials sectors, while 96 percent of China's exports to Brazil involved crude oil.

5157

#### Projects, Investments of Private Firms in Cuba Discussed

33420045c Rio de Janeiro *O GLOBO* in Portuguese  
23 Dec 87 p 22

[Text] Havana—Two Brazilian companies, both of which are affiliates of Marca Trading, are participating in the opening of the Cuban market to capitalism. Cubatur, a tourism company, and the Leather and Shoe Union, which signed a contract 2 weeks ago with the Cuban government to invest \$3 million in making shoes and leather products. The source of this information is Luiz Carlos Gaspar, general manager of Marca Trading, which has been in Cuba since January of 1987.

The Leather and Shoe Union will use Spanish, Italian and Brazilian technology, Cuban and Brazilian raw materials and Cuban labor. The shoes will be marketed in the socialist countries.

The contract was signed with Cubatex, a Cuban company organized under the Ministry of Light Industry. It provides for "shared production." Negotiations based on Article 50 of the Cuban Constitution, which allows cooperative production, were initiated early in the year.

Gaspar commented that negotiations were being carried on in a manner that is basically capitalistic as far as the founding of the Shoe Union is concerned.

Gaspar advised that a technological cooperative program for dairy herds to be established in Mato Grosso is also being considered. It would involve Dutch dairy cows (Frizen Holsteins) and Cuban dairy technology, using genetic engineering techniques.

Each genetic unit produces 35 million liters of milk annually or 80,000 liters a day. After 25 years, the Cubans have bred dairy cattle that are 3/4 Frizen Zebu, which is considered successful.

The package provides for the sale of the cattle and technology, which involves artificial insemination and embryo transfer. Cuba is interested in soybean flour and chickens. It is hoped that bilateral trade will amount to as much as \$3 million.

In addition to these projects involving Brazilian companies, there are other private investments in Cuba. Gaspar says there are also partnerships formed with Spanish capital, as well as Castrol, a British oil exploration company. The fact that Cuba belongs to the Economic Mutual Assistance Council (COMECON) of the socialist countries means that its products enjoy free access to the markets of those countries. Thus, in addition to joint ventures, Marca Trading also has an interest in commercial operations involving over 30 Cuban products, particularly in nickel items.

"Everything that had to be socialized has now been socialized," Gaspar noted. "Today, Cuba is a country with well defined rules protecting all investment. The key to success is the spirit of integration. We all know what Cuba is like and that its structure was put in place 30 years ago and that it is politically stable," he argues.

Gaspar commented that these companies' greatest contribution is participation in the "process of rectification" now under way in Cuba, which seeks to improve production efficiency. This concern is so intense in Cuba, he says, that the Havana Provincial Assembly of the Cuban Communist Party invited a Spanish businessman in 1987 to speak on profitability and efficiency, two terms often used in today's Cuba.

8844/12913

**BC Director on 1987 Foreign Investment, Reserves, 1988 Estimates**  
33420048a *Sao Paulo FOLHA DE SAO PAULO*  
in Portuguese 3 Jan 88 p A-40

[Interview by Joao Carlos de Oliveira with Central Bank Foreign Area Director Carlos Eduardo de Freitas; 29 Dec 87, in Brasilia]

[Text] The increase in exports, particularly of capital goods, proves that the presumption that the economic agents may be operating with expectations of a recession in 1988 is incorrect. This is one of the assertions made by the director of the Central Bank's Foreign Area, Carlos Eduardo de Freitas, in an exclusive interview with FOLHA held last Tuesday in Brasilia.

Freitas claims that 1987 reversed the trend shown in 1986, of foreign disinvestment in Brazil; in other words, an egress of funds by way of remittances greater than the

entry thereof. According to the Central Bank director, what occurred in 1986 was incidental, reflecting the change in the U.S. legislation, which benefited the repatriation of funds during that year. Freitas claims that the 1987 figures also show that "the uncertainties (referring to political uncertainties) are not so great as is thought"; also indicating that the multinational firms have a commitment to the domestic market in Brazil.

The foreign debt moratorium, described by Freitas as the most courageous act on the part of former Minister Dilson Funaro, made it possible for the international reserves to end the year slightly below the December 1986 levels, "which is a delicate, but operational threshold." According to the BC director, in 1987 Brazil ceased to pay the private banks \$4.1 billion, with the moratorium.

**FOLHA: How was 1987 for Brazil's relations with the world, and for the balance of payments?**

Carlos Eduardo de Freitas: The year 1987 showed, in the first place, an extraordinary recovery in the trade balance. It is a beneficial recovery, because both exports and imports increased. From January to November 1987, exports were 13 percent larger than during the same period in 1986; while imports, excluding oil, underwent a 2 percent rise. Oil is excluded because there was an increase in the price of the product, and the pertinent comparison of imports should be made eliminating that price effect, which could be deceptive. Furthermore, the issuance of import permits has continued to rise at a rate exceeding that of 1986. In November 1987, the daily average for import licenses amounted to \$57.5 million, including oil, compared with \$35.6 million during the same month in 1986 (a 61 percent increment). As of 18 December 1987, the daily average permit issuances totaled \$68.8 million, as opposed to \$36.8 million for the same period in 1986 (53.5 percent higher). This is a very interesting performance, because the indicator rejects the specter of recession that everyone is talking about.

Another important aspect is that the Brazilian economy has been proven to possess a great capacity for rapidly redirecting production from the domestic to the foreign market, or vice versa.

**FOLHA: Many economists think that one of the reasons for the failure of the cruzado was the importing of trivia. What is the country importing at present?**

Freitas: We are importing capital goods, as was the case in 1986. They are not trivia, nor beer bottles; they are machines and equipment.

**FOLHA: In 1987, the government changed the regulations on conversion of the debt into investment. What were the changes that were made?**

Freitas: Essentially, the new regulations changed the spirit of Circular Document No 1,125. The principle of that circular document is as follows: I (the government) want to know who is making the conversion, because I allow only the original creditor to carry out the operation. Being the original creditor, he can convert as much, and when he wishes. Resolution No 1,416 states the opposite: I don't wish to know who is making the conversion. Now, whoever makes the conversion will have to go through a public auction. Since the conversion of the debt into investment, in the final analysis, represents advance payment of the debt, and since there are more people wishing to receive than I can pay, I shall hold a public auction and pay in advance whoever offers me a larger discount, and I shall give a privilege to the Northeast region. Resolution No 1,416 is in the process of being provided with regulations.

FOLHA: How much was converted in 1987?

Freitas: During the first half of 1987, we had \$370 million converted. But now we have nearly \$700 million lined up, waiting for the new regulations.

FOLHA: How have the foreign investments been performing in Brazil?

Freitas: As of October 1987, the net turnover of income from foreign investments in currency and goods was positive by \$139.9 million; whereas, in 1986, it was negative (there was disinvestment) by \$203 million. Obviously, neither of these two figures includes the conversions of the debt into investment; they indicate only cash turnover. What does this mean? It means that the turnover of disbursements in 1986 was closely linked with that story about U.S. taxbenefits (a tax exemption granted to companies which repatriated capital to the U.S. in 1986). In other words, it was something localized, and there was no long-term trend; so much so that, in 1986, we closed with reinvestment of about \$448.6 million (\$200 million by June), and, as of June 1987, which is the latest information that I have, there was reinvestment amounting to approximately \$304.5 million. You will note the same performance on the side of remittances of profits and dividends.

FOLHA: Didn't the political uncertainties carry as much weight as had been claimed?

Freitas: I think that this performance could mean that the uncertainties are not so great as had been thought. If you look at the plan of the Systematization Commission, removing such things as stability and reduction in the work day, there is nothing that could be detrimental to the investment climate. There is the market reserve, but in this case anyone with minimal reasoning power knows that, strictly speaking, no constitution is needed, for example, to create the reserve for the computer industry. And now you have that shift of center positions in the Congress, the so-called "Centrao," which is showing the strength of conciliatory, reasonable positions.

FOLHA: Apart from the political factor, these figures also show that the foreign business firms in Brazil have a commitment to the domestic market....

Freitas: That is what the foreign firm in Brazil is! The one who called my attention to this fact was Deputy Jose Serra (PMDB-SP [Brazilian Democratic Movement Party-Sao Paulo]). The deputy alerted me to the following: The multinational companies came to Brazil in 1950, when the major nationalist debate was on investments in the area of mining, oil, and iron ore. What did President Juscelino do? While everyone was debating whether Hanna could or could not exploit the iron ore, the president opened the processing industry to foreign capital. Then, for these very historical reasons, the multinational firms in Brazil started providing for the domestic market.

FOLHA: Taking the cue, let's discuss the debt. Was the moratorium inevitable?

Freitas: Without the slightest doubt. The delay in paying the interest at that point in February (20 February 1987) was an absolutely essential measure.

FOLHA: Without the moratorium, at what level would the international reserves be today?

Freitas: They would now be in the vicinity of \$500 million. The important thing about the moratorium is this: The country succeeded in keeping the level of international reserves at the December 1986 position, which is a delicate, but operational threshold. FOLHA: Could you give a more exact figure?

Freitas: At present, the international reserves are slightly under the December 1986 levels; in other words, a little less than \$4.6 billion.

FOLHA: What are the costs of the moratorium to the country?

Freitas: Obviously, it has costs in the profitability of the applications of the country's exchange reserves; because, with the fear of attachment, we had to adopt precautionary measures, and keep those funds safe from any legal action on the part of certain creditors. We had to remove those funds from the normal financial market and start suffering a loss of profitability.

FOLHA: How much was that loss?

Freitas: Between \$30 and \$40 million per year. But another situation that the moratorium brought about was a worsening of the atmosphere in the country's relations with the international "establishment."

FOLHA: It was, in fact, an accounting moratorium. The country had no way of paying....

Freitas: It was; but it was more than an accounting moratorium. It was the affirmation of a will for economic growth; it was an affirmation of a political will. It was, perhaps, the most important thing that former Minister Dilson Funaro accomplished in his administration.

FOLHA: When the moratorium was ordered, there was a great deal of talk that the banks' retaliation would be in the form of cutting off the short-term lines, those financing Brazilian imports and exports, and the interbank loans. What actually happened?

Freitas: In the short-term lines, we have had a cost increase of between \$100 and \$150 million per year. And we have also had a shortening of terms that has proved detrimental to foreign trade.

FOLHA: How much did Brazil fail to pay because of the moratorium?

Freitas: With the ordering of the moratorium, Brazil did not pay the interest due after 20 February on the medium-term debt, amounting to about \$4.1 billion.

FOLHA: Since the moratorium was partial, affecting only the private banks' interest, how much did the country pay to its creditors in 1987?

Freitas: In the case of the World Bank and the IDB [Inter-American Development Bank], the information is the same that has already been cited. We paid the IMF nearly \$1.391 billion, between interest and amortization. We paid the international agencies \$722 million in interest, and \$1 billion in amortization. In the case of government agencies, including interest and amortization, we paid nearly \$3.4 billion; but we received \$2.6 billion in new funds. We paid the private banks, in interest on the short-term operations and the medium and long-term debt, nearly \$2 billion by 20 February; and now, with the interim agreement signed in December, we shall pay another \$500 million.

Carlos Eduardo de Freitas, director of the Central Bank's Foreign Area, told FOLHA that, for 1988, the government is operating with a growth projection of about 6 percent for the gross domestic product (GDP), and of 5 percent, in monetary terms, for Brazilian exports, which should amount to \$27.2 billion. However, Freitas said that, in the estimate on exports, no consideration is given to the potential retaliation by the U.S. Government, because of the dispute over the computer industry, nor the end of the tax incentive for exporters.

In the case of the American retaliation, which could hurt exports of Brazilian manufactured products to the U.S., the BC director claimed that the world is becoming small, with the progress in technology, communications, and means of transportation; and that, despite the localized conflicts, the action on behalf of world peace should

intensify with the understanding between the superpowers. In this "small world," he said that he believed that nations cannot adopt unilateral measures, "because one is subject to retaliation, a retaliation that could lead to isolation; and anyone who is not integrated is doomed to be in the Third World for the rest of his life." He summarized by saying: "It is the same thing in the case of the moratorium; it can be justified, but it has obvious limits."

#### Concern

The BC director is currently concerned over the elimination of the income tax benefit for the exporting sector. Based on the benefit, business firms could deduct from the taxable profits the proportion between their billing on the foreign market and their total billing. According to Freitas, studies from the 1970's showed that, on the average, the incentive represented a reduction equivalent to 2 percent of the value of the exports. Freitas noted that the BC is completing its estimates on how much this year's 3 percent taxation (decided on last Wednesday by the government) will represent for profits from exports. He declared: "We are studying the effects of this on competitiveness, because the incentive enabled the exporter to operate with a smaller margin."

2909

#### Petrobras Undecided on Strategy for Exploiting Urucu Discovery

33420049d Rio de Janeiro *O GLOBO* in Portuguese  
19 Jan 88 p 27

[Article by Eliane Velloso]

[Text] Commercial production of the petroleum discovered by Petrobras in the Amazon Basin will begin within 6 months, but the firm has still not decided on a system for shipping and exploiting it. The petroleum basin, located 650 kilometers southwest of Manaus on the banks of the Urucu River, has potential reserves of approximately 200 million barrels of petroleum and 75 billion cubic meters of natural gas, according to seismic studies, and production from that field may even influence selection of the state that will be the site of the new refinery in the Northeast.

The only decisions reached by Petrobras so far are that the petroleum from Urucu will be shipped out of the jungle by way of the Solimoes River (a continuation of the Amazon River) and processed at the Manaus Refinery (REMAN). There are still no decisions concerning exploitation of the gas from the region, expansion of the Manaus Refinery's refining capacity (and modification of its characteristics), or the various alternatives for getting the petroleum to the Solimoes River (there are various possibilities, and the solution will depend on the region's production).

According to experts responsible for exploiting the Urucu petroleum basin, better knowledge of the locality's reserves is essential for deciding how to develop Amazonia's petroleum. In the opinion of some of them, the initial production level of 5,000 barrels daily that was announced by the chairman of Petrobras, Ozires Silva, does not justify the amounts that the firm would have to spend to establish a minimum infrastructure for shipping the petroleum to Manaus. They say that because of difficult access to the region, which is in the middle of the Amazon jungle, even a precarious system would burden Petrobras with the expense of installing compressors and building small pipelines to the Urucu River. To get the petroleum to Manaus, the firm would have to spend even more to charter the barges that would carry the product across the Urucu River and then down the Solimoes River.

The chairman of Petrobras has said that a barrel of Urucu petroleum would reach the Manaus Refinery at a cost of \$20, whereas the petroleum imported by Brazil reaches the Amazon Region at a cost of \$19.50. Initial production at Urucu—5,000 barrels per day—is the same quantity as that obtained from a single well in the Campos Basin, where production costs range from \$8 to \$10 per barrel.

The experts at Petrobras emphasize that they are not opposed to the commercial production of Urucu petroleum, but they feel that the firm should be even more certain of the region's reserves so that it can formulate a more economical strategy. They point out, for example, that if Urucu could produce enough petroleum to supply the entire Amazon Region—including the capitals Manaus, Belem, and Sao Luis—that would justify construction of a pipeline from the Urucu oil field to the Solimoes River (a distance of 170 kilometers), from where the oil could then be shipped to the Manaus Refinery on small tankers.

Although not revealing the results of its studies into the technical feasibility of developing the production of Urucu petroleum, Petrobras management argues that the decision to begin production in 6 months is due to the need to know the region better and generate cash for reinvestment in the exploitation of new wells. Petrobras' budget this year for Urucu, where it has already drilled six wells (four have petroleum, one has only gas, and the sixth is still to be tested), totals \$80 million and will be used to drill 11 more wells and build the necessary infrastructure for starting production this year.

11798

**CTU Plans Intensified Strike Activity in 1988**  
33420046b Sao Paulo VISAO in Portuguese  
13 Jan 88 p 12

[Text] The new year has hardly begun and the workers' unions have already planned their strategy for pressuring enterprises to grant wage increases above the official

government price index. Some unions, for example that of the metallurgical workers in Sao Paulo, are expected to send a document setting forth their claims to the leadership of the Sao Paulo State Federation of Industries (FIESP), but others have already decided on strikes, even before undertaking any negotiations.

The pretext being used by the trade-union movement is the wage losses which the various categories of workers have suffered since the Bresser Plan was implemented in June of last year, when one of the country's worst wage squeezes was established. The frequent government intervention in the economy on the pretext of combating inflation has created a fertile field for the development of trade-union agitation.

By the end of 1987, the Ministry of Labor had recorded 1,800 strikes (as compared to 1,400 in 1986), in which 5.7 million workers abandoned their tasks. The strikes were most frequent in public services (although the legislation makes such strikes illegal), as a result of the government refusal to grant wage increases above the official price index and the inaction of the authorities themselves, who have overlooked the strike movements, to the distress of broad sectors of the population. The Ministry of Labor recorded 438 strikes among government workers, in which 2.9 million government servants abandoned their tasks.

Examining the figures for last year, the Single Union of Workers (CUT), the trade-union branch of the PT, has no doubt that all of the strike records in the history of the country will be exceeded in 1988. Francisco Domingos dos Santos, known as "Vigilant Frank," who is the regional president of the CUT in Brasilia, has said that the unions affiliated with his central organization will pursue continuous wage campaigns, which is the same as saying that the demands will be carried beyond the basic figure. Luiz Antonio de Medeiros, the president of the Sao Paulo Metallurgical Workers' Union, which is affiliated with the Single General Workers' Union (CGT), launched a campaign demanding quarterly adjustment of wages last Wednesday, the 6th. To begin with, Medeiros is demanding a 15-percent increase over the February wages. The union will send a document to the FIESP setting forth the demands of this sector on Monday, the 11th.

The excessive interference by the government and the constant trade-union pressures have left businessmen concerned about the year just beginning. The automobile industry, for example, in an effort to minimize worker dissatisfaction, has already abandoned the indices established by the government and is granting increases above the Reference Price Unit (URP) set by Luiz Carlos Bresser Pereira, the former minister of finance. The enterprises in this sector are preparing for the April wage negotiations in the ABC region, an area in which the CUT and the PT have great influence, and they want to avoid further embitterment. "If we do not take proper care, the pressure cooker might explode," Andre Beer,

the vice president of General Motors and president of the National Association of Auto Manufacturers (AN-FAVEA), explained by way of justification.

5157

**More Strikes Projected in Rio in First Quarter of 1988**

33420049a Rio de Janeiro *O GLOBO* in Portuguese  
24 Jan 88 p 38

[Article by Heloisa Villela]

[Text] The first quarter of this year will probably see a lot of union activity in Rio de Janeiro. Municipal workers, telephone workers, subway workers, seamen, and data processing employees will reach the end of their contracts during the first 3 months of the year, and if 1987 is any concrete indication of what may happen in 1988, there is a possibility of many strikes, according to economists and union leaders.

In 1987, some firms experienced a shutdown for the first time. This was the case with the Central Bank, the Rio Doce Valley Company, and firms in the telecommunications system—all government owned. According to Eduardo Scaletsky, economist at the Interunion Department of Statistics and Socioeconomic Studies (DIEESE), that union action was the result of the nationwide wage policy adopted by the Federal Government.

Eduardo Scaletsky said: "Acting through the CISE (Interunion Council for Wages in Government-Owned Enterprises), the government adopted a policy of conflict—of paying the price to see how far the workers would go. The government also decreed two measures: first it ordered a 7-percent reduction in personnel expenditures, and then, beginning in December, the labor negotiations were conducted directly through the CISE, which therefore participated only in the final phase of the process."

Unlike the government-owned enterprises, private firms experienced milder strikes, and in some cases, negotiations every 6 months—or, more rarely, every 3 months—were reinstated. In the opinion of the DIEESE's economist, the general trend will be to return to the 6-month period, as is already happening with bank employees and metalworkers. He said: "Labor groups whose contracts expire in August, September, or October will probably negotiate again during this first quarter."

Eduardo said that another new feature in 1987 was more careful preparation by the union movement. "We have received 20 requests for advice on wage campaigns since the start of the second half of last year, and the demand has never been that great." According to Eduardo, this means that the negotiations are more difficult and that the workers are trying to make better preparations.

Firm	Position of Employers Associations and Situation of the Firms	
	Counteroffer	1987 Financial Results
ELETROBRAS [Brazilian Electric Power Cos.]	Not stated	This year's leader in the Federal budget deficit, causing a drain of 102.3 billion cruzados. The firm's 1988 budget: 265 billion cruzados.
CEDAE	Granted 20% advance to be paid on separate payroll in first week of February	Contract signed on weekend
CEG	Negotiations resumed; first round scheduled for Monday. Offering 51%, including 3% for productivity and 10% to correct wage curve	Ended the year with net profit of 414 million cruzados
BRIPATEL [Brazilian Telecommunications Co.]	Counteroffer of 70.29 percent accepted; contracts to be signed with each firm this week	Net profit through November was 1.1 billion cruzados
CEMEL [Ceara State Telephone Co.]	Contract signed	No data provided by firm
TELERJ	Contract signed	No data provided by firm
Subway	Contract signed	Three financing agreements totaling 6.8 billion cruzados signed in 1987 with National Economic and Social Development Bank for construction, purchase of cars, and increase of capital for credit operations
Insurance companies	Insurance association offering 70% above December pay and wage floors of 13,533 cruzados for office employees and 11,116 cruzados for other classifications. Agreement unsigned in only four states (Rio de Janeiro, Bahia, Pernambuco, and Rio Grande do Sul). Includes meal voucher (193.32 cruzados) and full payment for 6 months of sick pay allowance	Chairman of the Association of Rio de Janeiro Insurance Companies says the insurance market was down 4.4% through November in comparison with the year before
Shipping	Counteroffer of 65% increase. New meeting set for Wednesday	Chairman of Shipowners Association says business stagnating with 60 vessels retired. Change in freight surcharge adopted at end of year but will have no effect until 1988
Petrobras	Firm declined to make any comment on labor negotiations	Losses of 17.6 billion cruzados for first 9 months of year, including recovery of 50% of losses for the first 6 months
Data processing	This is the first year for negotiations through the employers' association. Offering 51% correction in February and meal voucher worth 120 cruzados for those working over 8 hours and earning less than 20,000 cruzados. Wants to include penalties for strike activity in contract talks	Association representative says the year saw a drop in manpower and losses in most firms. Those with a profit earned less than in 1986
Rio Doce Valley Company	As with the other government-owned firms, wage talks will be conducted directly through CISE in Brasilia. No comment from the firm	Accumulated net loss of 7.9 billion cruzados through November
Construction industry	The Association of the Construction Industry says the firms have not yet discussed the next negotiating date, and no stand on that issue has been taken	Fewer housing units were completed last year than in 1986. Sector's idle capacity totals 70 percent, according to the association, but there are no financial problems--only caution with respect to new investments

Situation Among Labor Groups With Contracts Expiring in This Quarter

Labor group and number of workers	Demands	Progress to date
<b>January:</b> ELETROBRAS (2,000)	Correction of 35.35%, February URP [Price Reference Unit] (9.19%), 11.16% rise in wage scale. Distribution of costs and wages and change of contract date to November	First strike (24 hours) in September 1987. This year's contract has been signed
CEDAE (10,500)	51% raise (Including 26.06% for inflation since June, January URP, and advance to cover February URP)	Trying for a contract in advance of the expiration date, which is in May
CEG (2,500)	78% to restore wage level, job security, and 40-hour week	Demands submitted in December
Telephone employees (26,000)	119%, holiday bonus, unified wage floor of 10,220 cruzados, 30-hour week for those working with phones or video terminals, and cancellation of penalties applied during the strike in December	TELEBRAS [Brazilian Telecommunications, Inc.] offered 70.9% during negotiations, and the union accepted over the weekend, deciding to negotiate separately for the rehiring of those fired
Subway workers (3,900)	65.60% above December pay, 40-hour week, 5% differential between wage levels, and continuation of 1987 agreement	Campaign began in October, and agreement has been already been reached
Insurance employees (40,000)	70% to restore wage level plus February URP and 8% productivity raise. Health insurance, day care allowance, job security	Campaign began in October, and agreement has already been reached
<b>February:</b> Seamen (35,000)	150% raise, 30% productivity raise, and job security. Employers offering 65%	Demands have been submitted, and a strike promised for February
Data processing (15,000)	98.4% raise, 20% productivity raise, wage floors by type of work, and monthly increases based on inflation. Meal allowance of 150 cruzados, day care allowance, and special 2-week leave of absence for new fathers	Demands have been submitted, and meetings are being held every week. This group was the first to go on strike in the sector's government-owned firms
<b>March:</b> Construction (300,000)	List of demands is still being prepared, but in addition to wages, it will include shortening the workweek by eliminating work on Saturday	First meeting will be held this week to determine demands in detail and send them to the employers
Rio Doce Valley Company (2,500)	Asking full wage correction to reflect DINESE cost of living index plus 40% real increase and 15% productivity increase. The 23 unions across the country are presenting unified demands for the first time	For one afternoon in November 1987, the union shut down Rio Doce for the first time in history. Demands have been presented and are being studied

**Internal Dissent Increases in Opposition Groups**

33480058 Santiago ANALISIS in Spanish  
4-10 Jan 88 pp 4, 5

[Article by Fernando Paulsen S.: "The Pressure Against the Opposition Leadership"]

[Text] Last Wednesday, in connection with an expanded meeting of the Pinochet cabinet, a rumor of significant changes in the government team made the rounds. Those most often mentioned as likely to be dismissed were the closest collaborators of the Tucan mayor, Sergio Melnick, the ODEPLAN minister, including himself. Also Minister of Education Juan Antonio Guzman and the secretary general of government, Orlando Poblete, were mentioned by many as likely candidates for the "blue envelope." As this edition went to press, no concrete announcements concerning any of this had been made.

However, what the press reported the day after the meeting was the speech delivered there by Minister of Interior Sergio Fernandez. The head of the cabinet charged that the "constant terrorist attacks," "foreign interventionism" and "extremist tendencies which continue to exist in certain church sectors" are the factors with the most serious implications "for the social order and the development of the nation." Each of these elements had been the subject of news reports in the preceding days, such that the minister of interior could make useful mention of them. "Terrorism" was involved in the resolution of the Carreno case. "Foreign interventionism" took the form of U.S. congressional approval of a million dollars for the opposition of the center, and it could also be seen in the economic sanctions imposed on Chilean exports to the United States. And the "extremist church" was evidenced, in the opinion of the government, in the open letter concerning the national reality signed by more than 150 priests and nuns, terming Pinochet "morally discredited" as a possible candidate for "future election as president of the nation."

The above, however, was not the heart of what Fernandez had to say. The minister reserved his main attacks and jeers for the analysis of the advance of the opposition. He said that the strategy of the opposition "was outstanding for its pettiness, shortsightedness and repeated failure." He added that in the ranks of the opposition, the indications of despair are multiplying. "He spoke of the retreat of the opposition in connection with the law on political parties and the holding of the plebiscite.

Nothing of what Fernandez said was news to the majority of the members of the opposition, although the purism of the official opposition theology avoids any coincidence between the dictators and the victims when reality is being described. These arguments are not new to the opposition, because for some time now, its representatives have been clearly alluding to the problems in that sector. Fernandez is doing this to deal the coup de grace to the organized dissidents. The members of the

opposition have gone so far as to set forth the shortcomings of the leading class in the hope of seeing them corrected. Perhaps the most striking thing Fernandez noted was really the spectacle of the dictatorship provoking and tweaking the ear of the political leadership of the opposition, using its own arguments with amazing certainty and thoroughness, in the absolute conviction that the weakness of this leading class is so great that not even dictatorial scoffing or arrogance is capable of shaking it out of the inertia from which it suffers.

**Pressure**

Never before has the leadership level been subject to as much pressure from various sides as it is now. To the permanent harassment by the dictatorship in official speeches, press conferences and, from time to time, one legal process or another, there has been added in recent weeks an increasing discontent in the base level of the opposition, among what we have called here the representatives of the "anonymous opposition." The letter from the priests mentioned above must be among the most direct and unself-censored messages drafted to describe the military regime and its repressive practices (see ANALISIS, No 207). The form chosen by the residents of Valparaiso for exerting pressure on the opposition in favor of unity was equally direct and harsh. A hunger strike which lasted 20 days was ended after a very broad political range of opposition leaders signed a four-line statement, which read: "I promise before the people that I will make an effort to deepen the unity we have achieved to date, because Chile comes first."

The hunger strike, while it did indeed arouse great national interest and lead a good majority of the opposition political leaders to travel to Valparaiso, was resolved in a way which pleased few people, despite the fact that leaders ranging from the National Party to the MIR signed the statement. The reason for this is to be found in some pathological practices the opposition has begun to develop on the basis of its own history of clashes. One of them, perhaps that most truly related to the end of the hunger strike, is the loss of confidence in the value of the signature. The editorial offices of the various communications media in the country are daily receiving, and publishing, dozens of declarations by political parties and movements, open letters, responses to official speeches, comments or corrections addressed to other opposition groups, etc. In fact, a veritable trade exchange in public statements has developed, in which the same signatures have sometimes appeared on various declarations, some of them even contradicting previous statements signed. This was visible when the time came to establish the various movements for the purpose of free elections. The impossibility of finding a single reference in this connection had the result that many movements were established, and the same names were encountered in a number of them.

In the particular case of a tactical reversal, for example the formation of a party for democracy for registry under the party law, the public endorsement of this new form of

struggle carried with it a confused message for the readers who saw that individuals who had come out as apologists for civil disobedience were now endorsing an organization registered under the Pinochet party law and advocating the same electoral registry and voting in the plebiscite which they had previously opposed. It is not a question of lapsing into absurd purism. The point is that, as it is obvious that from 1983 to the present, the opposition has been systematically and notoriously reducing its demands of the dictatorship, the first victim of this opposition reality is its credibility in having the last word.

"The people want action and efficiency," one of the priests who signed the ecclesiastical declaration said last week. "We are exerting pressure on our hierarchy in this direction, and it is the task of the laymen to exert pressure on their leaders," he added. Public pressure on the leadership began last month with the hunger strike, but it has also been seen in the private letters addressed to these same leaders. Using this form, the organization called Women for Life sent a Christmas greeting to the political leaders which ended with a bitter phrase: "Instead of our congratulations, we express to you our deep shame."

Another letter, also sent to the "political lords" and signed by various representatives of human rights organizations, called attention again to the artificial hindrances to unity created by the opposition leadership. Press interviews with a number of leaders in the political and cultural world have emphasized, some of them in a tone of open contempt for the leadership, that opposing the regime from a single position is made impossible by the leaders themselves and their shortcomings, rather than by the dictatorship.

Also last week, a resolution by the group known as the "Fourteen Political Youth Groups" was made public. It stated that if by March, the opposition groups have not

succeeded in reaching a united agreement, the members of that organization will embark on a hunger strike to exert pressure until this is achieved.

#### Etcetera, Etcetera

A rather clear example of how this problem of the opposition could be resolved, but is not being resolved, has to do with the possibility of a single line of conduct with regard to the plebiscite. Instead of facing the challenge and discussing it openly and jointly, the opposition parties have had recourse to the opinion market and individual ideas in this connection. The country has become a great repository for political offers as to what to do in the plebiscite. The CDT is urging that free election campaigns be halted. Ricardo Lagos has personally challenged Pinochet to advance the plebiscite, simply in order to prove that he is not strong enough to do so. Gabriel Valdes sets himself up as the standard-bearer of the negative faction, and immediately there is a flood of competitors. Patricio Aylwin has introduced the term "identity," which he says should prevail over united agreement. Various sectors have put forth the idea of nominating an opposition candidate now who would not participate in any election, but who, they predict, would provide a guarantee so that no one would think that the triumph of the "naysayers" would lead to chaos. And within the left wing, four party proposals were put forth just last week (see "Political Binnacle").

It is this confused exchange which is sowing despair and creating a sense of inefficiency that is so calming to the officials of the dictatorial government.

The ugly duckling is rejected by the other ducks but admired by the swans. The tragedy of the opposition leadership—the present ugly duckling in the democratic struggle—is that it is becoming a swan in an area populated solely by ducks.

**M-19 Communique Proposes 6-Month Truce**  
33480071a Bogota *EL TIEMPO* in Spanish  
23 Jan 87 p 3A

[Unattributed article: "M-19 Promises 6-Month Truce"]

[Text] History is repeating itself. The self-styled "19 April Movement" (M-19) is unilaterally promising a 6-month truce starting 25 January. The insurgents announced that they would once again silence their guns during this period.

The pronouncement was made by Carlos Pizarro Leongomez, the commander in chief of the group, who sent a tape recording in his voice to the Todelar radio station in Popayan.

The first reactions to the announcement came yesterday. To some it could be a cease-fire so that the rebels can recharge their batteries and resume their activities with renewed strength.

To others it shows that the M-19 has no combatants left and would rather put down its arms than accept military defeat.

To still others it represents a resumption of the search for the much talked about national dialogue that the movement's founder, Jaime Bateman Cayon, always advocated.

On the tape Pizarro Leongomez calls for a crusade for life, the reconstruction of values and the salvaging of civil rights. "Let soldiers, officers, guerrillas and the people be brothers in Colombia," said the M-19's top commander.

He also called on the church to exercise its spiritual leadership and place itself in the forefront of the national crusade for life. "We will never reject dialogue, as long as it leads to real solutions of democracy and to national salvation," he added.

The following is the text of his pronouncement:

"Colombians: life for the nation, peace for the Armed Forces, war on the oligarchy. We have a single aim: democracy. A single enemy: the oligarchy. A single banner: peace.

"No more impunity. Let the oligarchy answer with its life, honor and property for the crimes committed in the pursuit of its dirty war, for the slaying of the people's fighters in civic protests, for the current state of hunger and national mourning.

"We call for a crusade for life, the reconstruction of national values and the salvaging of civil rights. We call for civic resistance to the oligarchy that has planned and is waging the dirty war and is to blame for poverty, backwardness and surrender.

"The war between the M-19 and the Armed Forces, which began 9 years ago in the Canton Norte, must end. It serves only the oligarchy. We decree a 6-month cease-fire as of 25 January vis-a-vis the Armed Forces, the army, the police, the navy, the air force and the intelligence services. We will undertake no offensive action against the Armed Forces; we will fight only in legitimate defense of the people and of our own forces, with the honor and dignity of Yarumales and the Palace of Justice.

"We invoke the antioligarchic sentiments sown by Bolívar, Gaitan and Rojas Pinilla inside the Armed Forces.

"We speak to your consciences, to your devotion to fatherland, peace and dignity, so that we can put an end to the widespread violence and build the new nation among us all.

"Let soldiers, officers, guerrillas and the people be brothers in Colombia. Let the barracks become sanctuaries of life and the guideposts of the antioligarchic fatherland. Let the CAI's become true camps of peace and tools with which the masses can recover their civil rights.

"We call on the church to exercise its spiritual leadership and place itself in the forefront of the national crusade for life. Let all churches open up to a reconciliation among Colombians and become temples for a fruitful dialogue, for the sake of persecuted Colombians.

"There will be a national solution for the drug traffickers, as long as they do not join the oligarchy or become tools for ends that harm the people and as long as they contribute to the national dialogue.

"May other nations accompany this quest for democracy and may their diplomatic seats support this freedom-loving struggle for a new world. We will never reject dialogue, as long as it leads to real solutions of democracy and to national salvation.

"May these words help all the insurgent forces, which are joined today in the Simon Bolívar Guerrilla Coordinator, to endorse the aim of a great, worthy and sovereign fatherland.

"This is the hour of national unity for the struggle. Guerrillas, soldiers and policemen; Liberals and Conservatives; communists, members of the Popular National Alliance, democrats, peasants, Indians, students, intellectuals, artists, blue-collar workers and the unemployed; scientists, businessmen and leaders; priests and nuns; politicians, diplomats, men and women of the nation, to the attack.

"Carlos Pizarro, commander in chief of the M-19. On behalf of the central command: Antonio Navarro and Otti Patino. On behalf of the superior command: German Rojas, Carlos Chalita, Rosenberg Pabon, Vera Grave, Arjaid Artunduaga and Afranio Parra."

**Regional Distribution of Poverty Analyzed**  
33480070a Bogota *EL ESPECTADOR* in Spanish  
24 Jan 88 pp 1A, 12A

[Article by Ricardo Luna Cano: "6,300,000 Colombians in Misery"]

[Text] Bogota—A total of 22.8 percent of the Colombian population, that is 6,300,000 people, are living in conditions of misery.

*EL ESPECTADOR* has been able to obtain the results of the research on poverty in Colombia, conducted by the National Administrative Department of Statistics (DANE). Poverty and misery were defined on the basis of the degree to which individuals and households in Colombia feel that their basic needs are met. These needs include housing, access to public services, family income, and education.

Five indicators were established: adequacy of housing, extent of overcrowding in housing, availability of adequate public services, level of family income, and education of children.

The DANE, based on similar experiences observed in other countries, placed the individuals and households that reported shortcomings in any one of these areas in the poverty classification; those who reported that their needs were not being met in more than one of these areas were placed in the misery classification.

The basic information was taken from the results of the 1985 Census. The chief of the DANE, Alfonso Gonzalez Caro, described the statistics compiled in the census as valid, but he did express doubts about the data on employment.

#### **16 Municipalities 100% Poor**

In 16 of the 1,017 municipalities of Colombia, the entire population is poor. At the forefront of those are Murindo and Vigia del Fuerte in Antioquia.

In contrast, in only three of our municipalities (Envigado and Sabaneta in Antioquia and Floridablanca in Santander) was the percentage of residents in the misery category as low as 10 to 20 percent.

Of heads of household in this segment of the population, 30.2 percent are illiterate; 14.6 percent are unmarried women; 11.5 percent are over 65 years of age; and 6.1 percent are under the age of 25.

Among the territorial entities, Vaupes turned out to have the highest percentage of poor residents (93.1 percent); when the figures were broken down by departments, Choco reported the highest level (82.8 percent).

Of the capitals, Puerto Inirida was found to have 83.1 percent, while in Quibdo it was determined that 80.6 percent of the inhabitants do not have even one of their basic needs met.

Among the regions, and comparing the figures to the number of inhabitants, the Special District reported the smallest percentage of poor people (23.5 percent) and people in misery (6.2 percent).

In this regard, Bogota is well ahead of the other territorial entities in Colombia. Second place goes to Quindio (30.7 and 9.1 percent of the inhabitants are classified as in poverty or misery, respectively).

#### **Coast Abandoned**

In addition to the so-called national territories, it is noteworthy that regions such as Choco and the Atlantic Coast have higher levels of poverty and misery, in general, than other areas do.

In Bolivar, Cesar, Cordoba, La Guajira, Magdalena, and Sucre, more than 60 percent of the residents reported that at least one of their basic needs is unmet. The worst situation is to be found in Cordoba (74.1 percent) and Sucre (73.6 percent).

Atlantico is in the best position of the coastal departments; there 41.5 percent of the population is poor.

El Valle, Risaralda, and Caldas registered poverty among a third of their population. About two-fifths of the residents of Antioquia, Atlantico, Santander, and San Andres are people with serious economic difficulties, while in Cundinamarca (excluding Bogota), Huila, Meta, Norte de Santander, and Tolima approximately half the population is in this plight.

#### **Indicators**

In our country, 13.8 percent of the inhabitants live in inadequate housing; in other words, mobile homes, natural shelters or places without walls, built of adobe. In the cities, homes with dirt floors were included in this category, and in the rural areas the dwellings built with flimsy materials such as "bahareque" [plaited cane and mud], "guadua" [a variety of bamboo], cane, or wood.

In addition, 21.8 percent of our compatriots are not served, or are served inadequately, by the public service enterprises.

As far as overcrowding is concerned, it was considered critical in the cases of homes where there are more than three people to a room. This situation is suffered by 19.4 percent of Colombians.

Under the category of economic dependence, a highly dependent household was defined as one in which there are more than three persons per employed member, and

where the head of household has had less than 3 years of education. The study concluded that 15.9 percent of the families in this nation match that description.

The fifth indicator reflected the number of households where there are children aged 7 to 11 who are not in school. Of the families interviewed for the census, 11.5 percent responded affirmatively to the question about the lack of schooling.

#### Conclusions

The researchers concluded that although in recent decades Colombia has seen its socioeconomic situation change for the better in some ways, these achievements have led to situations of inequality.

They recalled that this contradictory phenomenon of development is typical of Latin American countries, where modernization coexists with negative factors such as poverty, the poor distribution of income, and the problem of the foreign debt. These phenomena have led to a serious questioning of traditional models of development.

They noted that the social policies applied by the Colombian governments of the last few decades have generated significant changes in health, education, and housing,

but have not succeeded in closing the gap between the urban and rural areas, or between the upper and lower income sectors of the population.

The researchers emphasized that in just seven urban centers in Colombia (Bogota, Medellin, Cali, Barranquilla, Cartagena, Cucuta, and Monteria) there are nearly 2.5 million peoples whose basic needs are going unmet.

Similarly, they observed that three-quarters of the rural population is living in poverty.

The statistics prompted them to suggest to the authorities the need to give consideration to proposals for development on a human scale, as outlined by people such as the barefoot economist Manfred Max-Neef, whose essential ideas have been published in this newspaper.

They emphasized the need to focus on the search for an alternative that would generate increasing levels of autonomy and fit human beings into an organic relationship with nature and technology.

(1)

Porcentaje de colombianos que viven en  
condiciones de pobreza o miseria

(2) Departamentos (3) Pobreza (4) Miseria

Antioquia	40.4%	19.4%
Atlántico	41.5%	19.4%
Bolívar	64.6%	44.6%
Boyacá	60.6%	31.5%
Caldas	36.1%	12.0%
Caquetá	61.4%	33.7%
Cauca	61.1%	33.6%
Cesar	62.2%	39.2%
Córdoba	74.1%	54.9%
Curidinamarca	48.9%	22.1%
Chocó	82.8%	44.0%
Guajira	61.9%	27.8%
Huila	48.7%	23.9%
Magdalena	62.9%	42.0%
Mata	47.7%	23.8%
Nariño	60.9%	32.1%
N. de Santander	52.1%	27.2%
Quindío	30.7%	9.1%
Ricaralda	33.9%	12.1%
Santander	43.6%	20.9%
Sucre	73.6%	54.6%
Tolima	46.6%	24.5%
Valle	32.9%	11.5%

(5) Intendencias Pobreza Miseria

Arauca	61.8%	32.4%
Casanare	70.4%	39.2%
Putumayo	65.1%	27.7%
San Andrés	44.2%	10.9%

(6) Comisarías

Amazonas	68.8%	13.6%
Guarita	83.1%	37.8%
Guaviare	71.3%	46.4%
Vaupés	93.1%	40.0%
Vichada	61.9%	26.7%

Key: 1) Percentage of Colombians Who Live  
in Conditions of Poverty or Misery;  
2) Departments; 3) Poverty; 4) Misery;  
5) Intendancies; 6) Police Stations

(1)

Porcentaje de colombianos que viven en  
condiciones de pobreza o miseria

Capitales (2)	Pobreza (3)	(4) Miseria
Medellin	24.5%	8.3%
Baranquilla	36.6%	15.5%
Cartagena	41.9%	21.9%
Tunja	28.8%	10.5%
Manizales	22.3%	5.6%
Florencia	47.7%	22.2%
Popayán	30.6%	13.8%
Valledupar	48.2%	25.7%
Monteria	52.1%	31.1%
Bogotá	23.5%	6.2%
Quibdó	80.6%	39.1%
Riohacha	53.6%	25.8%
Neiva	34.4%	14.9%
Santa Marta	33.1%	12.9%
Villavicencio	31.1%	10.2%
Pasto	31.1%	11.6%
Cúcuta	38.8%	15.9%
Armenia	24.2%	6.3%
Pereira	27.9%	9.0%
Bucaramanga	22.1%	6.3%
Sincelejo	51.8%	33.3%
Ibagué	29.2%	8.7%
Cali	25.9%	9.1%
<hr/>		
<b>Intendencias (5)</b>		
Arauca	52.5%	29.5%
Yopal	53.9%	26.6%
Mocoa	52.7%	24.4%
San Andrés	42.1%	11.4%
<hr/>		
<b>Comisarías (6)</b>		
Leticia	51.1%	13.6%
Puerto Inírida	83.1%	37.8%
San José	69.9%	47.7%
Mitú	90.2%	40.0%
Puerto Carreño	58.9%	20.5%

(7) Fuente DANE

Key: 1) Percentage of Colombians Who Live in Conditions  
of Poverty or Misery; 2) Capitals; 3) Poverty; 4) Misery;  
5) Intendancies; 6) Police Stations; 7) Source: DANE

**Newspaper Devotes Full Page to Pilots Captured in Angola**

**Viewed as Loyal Revolutionaries**

32480051a Havana *GRANMA* in Spanish  
27 Nov 87 p 3

[Article by Hector Hernandez Pardo: "Stronger Than the Enemy"]

[Text] The imperialist enemy, its ideologues, and its publicists have only one way of measuring people: money. For them, anyone can be corrupted. In their repugnant, money-oriented way of looking at things, they are unable to see the dignity and moral value of men, which is a force far superior to any currency, as it simply has no price.

The revolutionary believes in mankind, in his virtues; the Revolution stimulates them and multiplies them.

And every day we see new examples among the people and their combatants. A short time ago, with pride and admiration we met a large group of comrades who had penetrated the Central Intelligence Agency of the United States and lent invaluable service to the Fatherland. More recently, we were informed of the staunchness of two officers in our Revolutionary Armed Forces who were taken prisoner by the enemy last 28 October. They had been shot down on a reconnaissance flight in southern Angola in the usual operating zone of the bands of UNITA and the South African interventionist troops.

At that time, press sources linked to the CIA were able to interview the two Cubans, Lt Col Manuel Rojas Garcia and Capt Ramon Quesada Aguilar, in Jamba, territory occupied by the enemy.

At all times they responded with revolutionary integrity and dignity to the devious questions that were asked of them. Rojas Garcia reiterated that they were carrying out a reconnaissance mission, and in answer to the insinuation that the Cubans were taking part in the operations against the UNITA bands, he stated: "That is a big lie. Cubans do not participate in any combat against UNITA, and they know that, too. Cuban soldiers, Cuban combatants, do not fight against UNITA, as they know very well. They are in their permanent positions; they do not go out to fight UNITA, and that is the whole truth. Anything beyond that is a big lie." Expanding on that explanation later on, he said: "I know why we are here. We are here waiting to prevent South African aggression against Angola."

The journalist persisted, referring to a recent conversation he had had in Washington with the stateless Rafael del Pino and mentioning the alleged casualty figures invented by del Pino.

Rojas Garcia replied: "First, he does not know the figures; those are figures exaggerated by him . . . Del Pino is definitely a big traitor to us. But he also knows that Cubans do not combat UNITA."

Rojas Garcia, whose attitude reaffirms Fidel's assertion that our pilots are men who have hearts in the middle of their chests, warned that they were prepared to face the dangers of war, to be prisoners, and even to die.

Capt Quesada Aguilar, who was also interviewed, confirmed his comrade's statements. He emphasized the high morale of the Cubans, and when asked if he would agree to travel to the United States if the offer were made, responded categorically: "I have no reason to accept such an offer. I have no reason to go to the United States."

This is a formidable lesson in courage by these men who were educated by the Revolution, and a similar lesson can be learned from the resolute attitude of their families.

Imperialism and its acolytes rub their hands with glee when, after many failures, they finally get hold of a minor traitor, some weak deserter, . . . when, blinded by their own nature, they believe that these exceptions justify their repugnant philosophy that every man has his price.

But it is not the weak who raise high the flag with the single star; those are strong arms, empowered by an arsenal of just ideas. It is our people, with sons like Lt Col Rojas Garcia and Capt Quesada Aguilar, who show us there, in prison and in the jungle, through their firm devotion to principles, that they are stronger than the enemy.

**Rojas Garcia's Family Visited**

32480051a Havana *GRANMA* in Spanish  
27 Nov 88 p 3

[Article by Nidia Diaz: "We Wait for Him Here, This Is Our Trench"]

[Text] She barely had time to set down her purse and straighten up a few things that she had neglected in the haste of the morning and left for after work, as all working women do. Inside her second son, Ernesto, was waiting for her, and David, the little pioneer, would arrive soon. For the past few weeks, they have lived in anguish, an anguish shared by all of our people, knowing that the UNITA bands are holding their dearest loved one as a prisoner.

The household of Lt Col Manuel Rojas is as modest as it is unquestionably revolutionary. The life of this man, shared for the past 17 years with Estela Rodriguez, is a symbol of selflessness and sacrifice.

This pilot, whose absence has brought his family together around the press, joined our glorious Armed Forces 9 months after the revolutionary triumph. Since that time, when he was the same age as his oldest son Manolis is now (15), he has devoted everything to the cause of socialism. Now, fulfilling his most sacred duty, internationalism, he is holding his head high in the face of the enemy to reaffirm what those familiar with him already know: "I am prepared for everything, including being a prisoner of war."

Together with Estela were his brothers and his mother Antonia, a strong black woman who belies her age and her experience, and who never stops crying. Her tears tell us that this is a paradox. She fought alone like a lioness to move her family ahead and to keep them from being devoured by capitalism, which she served as a maid and laundress, and lived in one tenement after another. Now she is seeing that same capitalism try to take away the fruit of her hard work and her eternal gratitude to the Revolution.

There are tears, yes, but there are also convictions, security, confidence. There are hopes.

Estela brings a box from the bedroom. It contains all Manolo's medals, the pictures taken of him with Fidel, his vanguard certificates, his degrees. This is his life. In this house the only mementos are ones that honor. And it is on the basis of these principles that this family has been founded.

David said it: "My dad has fought for the Fatherland." "I feel proud of my father, who is a man of principle," added Ernesto.

And there, supporting them all, is Estela.

"These days have been very difficult. When the comrades who came to visit us would leave and I would shut the door, I could not hold back the tears. That's how the first hours were. Then I thought, No, no, no! And I told my boys, 'Manolis, go on your scholarship, Ernesto, to school with you, and you, too, David. I will go to work. That's just what Manolo would expect of us.'

"When the news of the press conference came out in GRANMA, I told them, 'Read the newspaper, and then read it again. Understand the words of your father, who is a worthy example for all of us to follow.'

"During these hours, we are sustained by the firmness of our principles, by the knowledge that we have a very strong Party, a very strong Revolution, and a very great Commander in Chief.

"It hurts me to think how he must feel personally, but I know he has faith in the Party and in the Revolution, and he trusts that they will do whatever they can.

"We are waiting for him here; this is our trench. If he can stand to be a prisoner of war, we will endure his absence with pride and confidence, doing what he expects of us."

As we left Comrade Manuel Rojas' home, we could not help but remember the words written by Marti: "Another day we will recall how a woman redeemed Mexico and another saved Bolivar; how the martyr and the hero always have a woman by their side."

#### Photo Captions

1. Lt Col Manuel Rojas' brothers, Calixto and Pedrito (the well-known singer), and his mother Antonia. Next to them is Estela, the Cuban officer's wife, and Ernesto, his second son.

2. Estela and Ernesto show the press a photograph in which the Commander in Chief congratulates the officer for receiving a military decoration.

3. David, the smallest of his sons. Manolis, the oldest at 15, is on scholarship.

#### Quesada Aguilar's Family Visited

32480051a Havana GRANMA in Spanish  
27 Nov 87 p 3

[Article by Rodolfo Casals: "Ramon Would Rather Die Than Be a Traitor, Death Before Dishonor!"]

[Text] The most genuine revolutionary pride can be felt in the small living room of the home of Capt Ramon Quesada Aguilar's parents in Wajay.

And with good reason. The son's brave attitude toward his captors, his steadfastness in the difficult situation he faced as a prisoner of the UNITA terrorist bands, his complete identification with and faith in the decisions of the Party and the Revolution, his vigorous repudiation of insinuations of treason, have not betrayed the utmost confidence his parents have always had in him, and have had a tremendous impact on our people.

"I do not deny that tears came to my eyes when I heard the news, but at the same time I felt a great pride, even more so after learning of his statements," declared Lt Col Luis A. Quesada, Ramon's father.

And nothing less could be expected of him. So convinced was Lt Col Quesada of that before learning of the statements his son had made, he wrote a letter to Gen Raul Castro (the text of which appears on this page) to attest to his faith in Ramon and in Lt Col Rojas, in their integrity and character.

Quesada explains what led him to write that missive: "I was in Santa Clara when I received word that they had shot down Ramon. I spent 2 days thinking about it, and I talked to my other three children, two boys 30 and 28 and a girl 20, without telling them I was going to write

the letter. That is the reason it is not signed by all of us. I asked them if they would be just as willing as their brother to carry out an internationalist mission at any time, especially in this situation, and they all said yes. Then I wrote to the minister."

This beautiful letter expresses this family's unconditional support for the Revolution. Originally of peasant stock, the family is aware of the plight of their son because they know the enemy, they know the imperialists, who are capable of committing the most horrendous crimes. "I informed Comrade Raul," says Quesada, "that I was in agreement with whatever decision our Party, our Government, and our Commander in Chief chose to make; that our son was willing, there in prison, to give his life before weakening in his principles. Because I am sure that Ramon would rather die than be a traitor! Death before dishonor!"

"I told him that we were confident that they would do whatever they could to find a solution, but I stated very clearly that it must be a solution in which the Revolution emerges stronger."

This pride in their son, Luis and his wife Estrella Aguilar emphasized to the press, is based on the fact that he is in prison precisely because he is combatting American imperialism. Because one way or another, stressed the lieutenant colonel, what we are fighting in Angola is imperialism and the South African racists who support the counterrevolutionary bands."

Ramon, 29, the second of the four children, completed his first mission in Angola in 1983 along with his parents, who were carrying out a similar internationalist task. When his plane was shot down, he was on his second mission. After 7 years of flying and more than 700 hours, and in his capacity as a first class pilot, his parents feel he is a good pilot with good technique, very serious, conscientious, and firm in what he does.

Estrella Aguilar, the mother who raised him, recalls the childhood of "Ramoncito," as she still calls him: They were all very respectful, but he was the most serious, the most responsible. For that reason he had influence over his brothers and sister, who respected him a great deal. Whenever they were about to do something, they always sought his approval. Even today, after all these years, his brothers Guillermo and Ernesto still consult him on matters.

Estrella talks about the influence on his character of the education they received at home and in school. They received scholarships to go to the Isle of Youth, and always had the attention and support of their parents and grandparents, Heracio and Juana, who shared much of the children's upbringing. That education, the example of their relatives, the simple and unostentatious way of life, molded the children very well. By the time he was an officer in the Revolutionary Armed Forces (FAR), this

revolutionary and communist training became enriched with the psychological preparation he needed to deal with whatever situation might arise, no matter how difficult.

And his character has been proven in combat. Ramon excelled in his participation in the battle of Cangamba, during his first mission in Angola. His father tells a battle anecdote to the effect that "brought me to tears" when Col Henry Perez told it to him: "One day they were looking for an enemy column that was coming to reinforce the positions in Cangamba, which could not be allowed to happen. My son tells Henry he has the enemy on the right of him, and Henry orders him to act. What they gave the enemy was a hail of fire. Then the colonel told the young pilot that if his father could see him at that moment, he would feel very proud of men like him, with his heart in the middle of his chest, as Fidel says."

There was not a single letter among the weekly missives Ramon wrote his parents in which Ramon did not tell them that he would never disappoint them. Not them, or the Revolution, or the Commander in Chief. He would always be true to his ideals, his principles, to the bitter end.

Ramon's wife, Irelia Teruel, who lives in Holguin with their 2-year-old son Luis Ramon, was telling her father-in-law in a recent visit to Havana that she was completely convinced that he was willing to die before becoming a traitor, that Ramon had told her that countless times.

With profound emotion, Lt Col Luis Quesada imagines what he would do if he had the chance to talk to his son now.

"The first thing would be to give him a hearty embrace and tell him he did not fail me. The second would be to repeat that he must be true to his principles until the bitter end.

"I would give anything to see him, to ask him how he is. I would give anything in the world for our son to know how much our minister values him as a person, and his family. I think that would give him even more strength to continue the struggle and to remain as he is now as long as necessary. When one has well-defined principles and strong conditions, one can only respond to the enemy the way Ramon and Rojas did. This is not an isolated event. It is just one more case in the history of our Revolution. Ramon has made a great sacrifice, but not like that of the ones who gave everything and did not survive."

#### Photo Captions

1. One of the most recent photos of Ramon, who is shown here with his wife, their small son Luis Ramon, and Irelia's older son Osmany, 8.

2. Lt Col Luis Quesada and Estrella Aguilar. "We are sure our son is thinking of the martyrs of our Revolution, who preferred to give their lives rather than weaken."

**Letter Sent to Raul Castro**  
32480051a Havana *GRANMA* in Spanish  
27 Nov 87 p 3

[Letter from Lt Col Luis Quesada to Gen Raul Castro]

[Text] Havana, 2 November 1987

29th Year of the Revolution

Comrade Minister of the Revolutionary Armed Forces,  
Army General Raul Castro Ruz:

I am the father of Capt Ramon Quesada Aguilar, pilot of the MIG-21 that was shot down last 28 October in the People's Republic of Angola along with Lt Col Rojas.

I am writing you as a father, a revolutionary, an officer in the FAR, and a communist.

I would like to tell you, first of all, that as a father I am very upset about what my son is going through, but as a communist, I feel the satisfaction that he is the enemy's prisoner precisely because he is fighting in the sister People's Republic of Angola, fulfilling for the second time the most beautiful duty of a communist, "Proletarian Internationalism."

I am convinced and absolutely certain that you, our government, and the Commander in Chief will do everything in your power to resolve this situation in a dignified way, in a way that strengthens our Revolution.

I would like to let you know in advance that I will be in unconditional agreement with whatever decision is made in this regard, aware that "our principles are non-negotiable."

Comrade Minister, my wife and I are prepared to confront situations such as this, because we have educated our children in the principles of our Revolution.

In the situation we face now, we are preparing ourselves and our other children and my two parents to deal with any contingency, because one can expect anything of the imperialist enemy.

Our son Ramon has proven more than once that he has courage and daring when facing the enemy in combat, and we have educated him and prepared him psychologically and ideologically to cope with situations like this. I have absolute confidence in him; and I am certain, as he has told me countless times, that he would prefer death to dishonor and treason.

Comrade Minister, my family, which is small (my wife, my four children, and my parents), is aware that this is part of the quota of sacrifice that is expected of a family of revolutionaries and communists in this battle without quarter against the imperialist enemy in any part of the world.

I would like to close by conveying to you the decision made by my family in these difficult moments.

To depart immediately (my remaining three children, my wife, and I) to carry out any internationalist mission in any part of the world, whenever you, our Party, or the Commander in Chief decides, even without knowing or suspecting the results that might be obtained from this situation.

At this time I can only regret that I am not a fighter pilot so that I could take my son's place in the People's Republic of Angola and continue fighting the enemy.

With the confidence I have always had in your decisions and in those of the Commander in Chief, I can only say to you:

Until victory forever!

Fatherland or death!

We will be victorious!

Lt Col Luis A. Quesada Antunez, EM-DAAFAR

08926

**Medical Assistance to Guinea Bissau Described**  
32480059a Havana *CUBA INTERNACIONAL* in  
Spanish Nov 87 pp 20-23

[Article by Luis Lazo Carranca, photos by Roberto Riquenes, special correspondents]

[Excerpts] In Guinea Bissau, the only success of the so-called "civilizing mission" of the Portuguese was that it enabled a dozen Africans to graduate from foreign universities, after five centuries of Portuguese involvement in that territory.

In this context, then, the founding of the new school of medicine (the first university center in the country's history) is an unprecedented event. And this is why Western interests are now trying to minimize its importance and deny its repercussions and significance.

The state of public health in this West African nation was abysmal during the colonial period. The country was plagued by endemic diseases and a general deterioration that was further aggravated by an extremely deficient diet.

The African Party for the Independence of Guinea Bissau and Cape Verde (PAIGC) began to deal with these calamities from the beginning of the struggle for liberation, when that revolutionary organization had only four medics and no doctor to treat those wounded in combat with the Portuguese troops.

### Origin of School

For anyone who has been able to see first-hand the socioeconomic difficulties suffered by this small African nation of 780,000 inhabitants, the opening of the new university medical school is by all lights a wise move.

The idea of establishing the school came about thanks to support from Cuba, the small Caribbean island that has attained a level of health similar to that of many industrialized countries, and that is renowned for the medical care it provides to its population, as attested by United Nations agencies and other specialized organizations.

The presidents of Cuba and Guinea Bissau, Fidel Castro and Joao Bernardo Vieira, approved in Havana a plan for a medical school that would be adapted to the needs and conditions of a poor territory. Among the country's priorities is to improve the nation's health through socialized and preventive medicine and by combatting the major endemic diseases.

As we have already stated, medical aid to Guinea Bissau began during the struggle for liberation. At that time Cuba accepted into its hospitals several groups of guerrillas wounded in combat and children mutilated by Portuguese bombing raids.

After independence was achieved, in 1974, the Cubans began to send internationalist medical brigades (at present they contain 60 doctors each). These brigades have helped reduce the mortality rate and to raise to more than 40 years the population's life expectancy, which had been below 30. Moreover, a large number of youths from that country have graduated from Cuban universities in recent years.

Although Cuba will increase to 128 the number of internationalist doctors in that African country, all the effort that has been made is not enough to eliminate the ills that have developed over centuries. For this reason, the training of doctors right in the country has many advantages for a nation of weak development and scarce resources. One of those advantages is that more doctors can be trained to specialize in the diseases that most affect the population, at a lower cost.

### Modestly, Without Sophistication

The medical school was built modestly, without sophisticated facilities, but with all the necessary equipment. The site was formerly a building used as a warehouse, which has now been converted and adapted for these purposes. At present, 27 students are in their first year of

studies at the center. In addition, 48 students are engaged in premedical studies, and will enter the medical school next year. The classrooms and laboratories can accommodate 80 students in each course, and the hope is that in the near future all the nation's needs can be met while also lending cooperation to other African nations suffering from a similar shortage of doctors.

Once they finish their first and second years, the students will continue training at the Simao Mendes National Hospital, which will be remodeled for that purpose. By way of preparation, since last year a group of Cuban interns have been working at Simao Mendes. They are in the final year of their medical studies, and are helping to care for patients.

The university school is characterized by the rigor of the courses and the enthusiasm and effort of the professors and students. The faculty is made up of 19 experienced Cuban professors. The plans call for the prompt incorporation of doctors from Guinea Bissau who have received their degrees abroad.

During the first student scientific conference, held at the university center last December (1986—FBIS), the students presented a variety of papers on different topics of health, hygiene and epidemiology, as well as research on health problems in an area of the capital where clinical files were opened on the families that were visited.

Guinea Bissau Minister of Public Health Alexandre Nunes Correia praised the work of the Cuban internationalists, and pointed out that meetings of this type are of great importance to the country.

### WHO Opinion

The representative of the World Health Organization (WHO) in Guinea Bissau, Francisco George, stated that the establishment of the medical school is a very positive event. He indicated that the regional authorities of his organization are following its development with interest.

"In the future," he said, "it will be possible to set up mechanisms for cooperation with other countries in the region that lack this type of university center."

George pointed out that with this initiative, international cooperation takes on a dynamic nature. He also announced that WHO will provide material support (textbooks, research results) to the students at the new school.

### Scientific Rigor

"The opening of the new medical school is simply wonderful," stated Professor Ernesto Barber, the Cuban co-director of the new university center.

"So far the school has only a teaching function, but it will eventually engage in research as well," explained the respected Cuban specialist, who has been a professor for 25 years and is one of the founders of the Victoria de Giron School of Basic Medical Sciences in Havana.

**Growing Cooperation**

Guinea Bissau Secretary of International Cooperation Bernardino Cardoso believes the cooperation Cuba is lending his country is very good.

"At this time," he said, "we are receiving important technical assistance from Cuba in the areas of medicine,

education, mail and telecommunications, agriculture, and others. We are also seeking to expand our cooperation in the fishing sphere."

Guinea Bissau, which is included among the Less Developed Countries (LDCs), has seen its economy deteriorate in recent years because of the world economic crisis and the effects of the drought. That has led the country to be largely dependent on international cooperation.

08926

**ONAPRES Reports on 1988 6.5 Billion Peso Budget**

32480061b Santo Domingo *LISTIN DIARIO*  
in Spanish 3 Dec 87 pp 1, 17

[Text] President Joaquin Balaguer first revised, and then limited to a maximum total of 6.412 billion Dominican pesos the spending budgets for 1988 in the entire sector of decentralized and autonomous institutions, with total revenue estimated at 6.547 billion Dominican pesos; so that there would be an available balance of 135 million Dominican pesos.

The announcement was made yesterday by the director of the National Office of Budget [ONAPRES], Jose Antonio Guzman Alvarez, who said that this is the first time in history that a president has made a prior revision. And he claimed that his department would remain vigilant in checking the execution of the budget by the aforementioned entities. The main budgets for the aforementioned sector of maximum revenue and spending authorized are the following, respectively: Reserve Bank, 2.485 million and 2.409 million Dominican pesos; Dominican Electricity Corporation, 1.127 million (the same amounts for revenue and spending); and State Sugar Council, 542.9 million and 539.7 million Dominican pesos.

Also included are: National Institute of Price Stabilization, with 492.4 million and 488 million Dominican pesos, respectively; National Lottery, 429.5 million and 427.9 million; and Agricultural Bank, 425.2 million and 417.9 million Dominican pesos.

In addition, Airport Commission, 31.3 million and 31.1 million Dominican pesos; Santiago Water Works and Sewerage Corporation, 7.5 million Dominican pesos (the same for spending); Santo Domingo Water Works, 83.3 million and 83.1 million Dominican pesos; State Enterprise Corporation (CORDE), 25.1 million and 21.1 million Dominican pesos; Corporation to Promote Hotel Industry and Tourism Development, 7.9 million and 7.5 million Dominican pesos; Industrial Promotion Corporation, 36 million Dominican pesos (the same for maximum spending); and Dominican Postal Institute, 10.5 million and 10 million Dominican pesos.

Also, Institute of Assistance and Housing, 25.5 million and 24 million Dominican pesos in maximum authorized revenue and spending; Dominican Social Security Institute, 161.9 million and 132 million Dominican pesos; National Cotton Institute, 17.1 million and 16.6 million Dominican pesos; and Dominican Radio-Television, 6.8 million and 6.7 million Dominican pesos, respectively.

The following entities will also be equal, from the standpoint of revenue and spending: Red Cross, with 1.5 million Dominican pesos; Civil Defense, 300,000 Dominican pesos; Park Management, 2.9 million Dominican pesos; Agrarian Institute, 68.7 million

Dominican pesos; Sugar Institute, 1.2 million Dominican pesos; Institute of Development and Cooperative Credit, 2.1 million Dominican pesos; National Institute of Drinking Water and Sewerage, 47.2 million Dominican pesos; National Institute of Water Resources, 185 million Dominican pesos; National Institute of Housing, 32.4 million Dominican pesos, Botanical Garden, 1.9 million Dominican pesos; Municipal League, 8.2 million Dominican pesos; Royal Houses Museum, 500,000 Dominican pesos; Office of Community Development, 2.9 million Dominican pesos; National Malaria Service, 1.8 million Dominican pesos; Superintendency of Banks, 8.2 million Dominican pesos; and Autonomous University of Santo Domingo, 59 million Dominican pesos.

For other budgets of maximum authorized revenue and spending, both categories are as follows, respectively: Port Authority, 19.1 million and 16.7 million Dominican pesos; National Housing Bank, 165.1 and 163.7 million Dominican pesos; Savings Bank for Workers and Pawnshop, 1.37 million (the same amount for spending); Export Promotion Center, 4.6 million and 3.8 million Dominican pesos; and National Council on Population and Family, 1.4 million and 1.2 million Dominican pesos, respectively.

The budget director remarked: "This is the first time in Dominican budget history that this sector's budget has been approved before the new fiscal year begins"; adding: "In other words, it will go into effect as of 1 January 1988, jointly with that of the central government."

He noted that the amount of revenue estimated as being earned includes 543.7 million Dominican pesos relating to "initial cash and due from banks balances."

Of that total, the revenue from sales of goods and services, interest, commissions, and other items, under the heading "current cash receipts per se," amounts to 2.536 billion Dominican pesos, accounting for 38.7 percent of the total.

The capital receipts per se (from recovery of loans, sales of fixed and financial assets, and others) account for 21.3 percent, equivalent to 1.397 billion Dominican pesos. There are also other capital receipts, such as third party funds, internal loans, donations, and others, accounting for 20.1 percent, and equivalent to 1.319 billion Dominican pesos.

The revenue from external loans has been estimated at 331.5 million Dominican pesos (5 percent) in cash; and the revenue from central government contributions, at 4.5 percent, equivalent to 146.1 million Dominican pesos.

Of the total anticipated revenue, it is estimated that 1.032 billion Dominican pesos will come from social services; 3.003 billion Dominican pesos, from economic services; and 2.511 billion Dominican pesos, from financial services.

Of the amount estimated for spending, a total of 2.539 billion Dominican pesos relates to running expenses (39.7 percent), and 3.872 billion Dominican pesos, to capital expenses (60.3 percent).

The most significant portion of the running expenses is that for operating expenses, with 1.896 billion Dominican pesos, or 29 percent of the total.

Of the capital expenses, it is the financial outlays of 2.604 billion Dominican pesos (40.6 percent), including the loans granted, that amount to 1.680 billion Dominican pesos; an amount divided as follows: 1.680 billion Dominican pesos to the Reserve Bank, and 282.4 million Dominican pesos to the Agricultural Bank.

The real investment amounts to 952.2 million Dominican pesos, accounting for 14.8 percent.

According to a table supplied by the budget director, included among the spending of the autonomous and decentralized sector are 540.5 million Dominican pesos for personal services; 81.9 million Dominican pesos for contributions to the central government; and 385.7 million Dominican pesos to the private sector.

In all, the operating expenses amount to 1.896 billion Dominican pesos.

Also considered are debt interest payments, and those on the administrative debt, amounting to 171.5 million Dominican pesos (124.1 million for the internal debt, and 22.2 million Dominican pesos for the external debt). In addition, there is amortization of the internal debt, amounting to 267.3 million Dominican pesos, and on the external debt, totaling 43 million Dominican pesos.

2909

**Agricultural Production Up 12 Percent in 1987**  
32480061a Santo Domingo *LISTIN DIARIO*  
in Spanish 31 Dec 87 pp 1, 17

[Text] Agricultural and livestock production increased 8.1 percent over 1986, according to information supplied by the Secretariat of Agriculture, thereby disproving an alleged stagnation in the rural areas.

In this growth, the Agriculture Secretariat attributes 12 percent to the farming sector, 3.4 percent to livestock production, and 2.2 percent to forest cultivation and fishing.

As noted in a report prepared by Agriculture Secretariat technicians, with this growth, during the first 11 months of the current year, 1987, 90 percent of the scheduled food production will have been achieved.

Despite all this increment in production, there was an obvious shortage of agricultural products, which the government sector and certain economists have, however, attributed to speculation, on the one hand, and, secondly, to the increased demand, resulting from a rise in the masses of workers.

To attain this increase in production, the entire agricultural-livestock sector received a monetary injection of 238 million pesos, 34 million of which were from foreign funds, 80 million from special funds, and 124 million associated with the national budget 100 Fund.

The Agriculture Secretariat intends to carry out certain types of projects and programs next year, so as not to neglect production, thereby preventing the crisis predictions from being borne out.

A report provided to the press notes that, next year, the institution intends to modernize agriculture, through greater mechanization, improved varieties and cultivation methods, and more support in the form of credit and technical assistance.

This document explains that small producers will be backed through associations of small producers, with properties of 160 tareas upward, through technical assistance services supplied with individual credit.

In addition, specific security programs will be carried out, provided for by different programs relating to legumes, milk production, potato and yucca production, banana rehabilitation, poultry production, and both fish and shelfish production.

The program for the rehabilitation and renovation of coffee, cacao, and coconuts will also be reinforced, while there will be an increase in the credit from the Agricultural Bank and from FIDE [Investment Fund for Economic Development].

An effort will also be made to improve the agrarian reform programs, and alternate sources of feed for hogs and poultry will be developed.

Moreover, greater coordination will be established with the private sector, involving such entities as universities and international organizations, thereby fostering the development of technologies for agricultural and livestock production.

The year 1986 was very difficult for the agricultural-livestock sector because, during September, hurricane "Emily", in its passage through the Dominican Republic on the south-northwest route, caused major damage to agriculture.

This hurricane damaged 182,258 tareas cultivated with different agricultural crops, such as bananas, guineo [a variety of banana], avocados, papaya, yucca, potatoes,

garden produce (bell peppers, eggplant, pumpkin, cabbage, molondron, and tomatoes), kidney beans, peas, coffee, corn, sorghum, and rice.

This damage was estimated at 116,784,000 pesos, 22 million of which related to the reformed (agrarian reform) sector; and 30 million Dominican pesos to the deterioration of local roads and both irrigation and drainage works.

As a result of the passage of hurricane "Emily," there was a decline in the supply of certain foods, such as bananas, yucca, guineo, kidney beans, and garden produce. Another direct result was the high prices charged for nearly all these products which, however, were counteracted by the government with the installation of several producers' markets and agricultural-livestock fairs, run by INESPRE [National Institute of Price Stabilization] and the Agriculture Secretariat.

Despite the damage caused by hurricane "Emily," agriculture recovered quickly, owing to the timely financial assistance from the Agricultural Bank and the immediate technical support from the Agriculture Secretariat, INDRHI [National Institute of Water Resources], and the Dominican Agrarian Institute (IAD).

To achieve this rapid recovery, the government disbursed about 57.27 million pesos, which it spent on the rehabilitation of local roads and irrigation and drainage works, free distribution of farming supplies and tools,

distribution of feed rations, purchase of products destroyed by the winds' effects, rehabilitation of coffee plantations, and financing for small and medium-sized producers who were hurt.

When the recovery of agriculture was already being noted on the markets, with some price cuts, intense rainfall on 8, 9, and 10 December caused serious damage to the national agriculture, as a result of which the problems returned to the rural areas.

The government estimated the losses at about 50 million pesos, with damage to 379,000 tareas planted with different crops, and the drowning of 762 head of cattle and 10,000 chicks.

The crops most affected were: red kidney beans, rice, bananas, industrial tomatoes, guineo, yucca, and cotton.

Several irrigation districts were also hurt, such as those in Valle de Azua, Yaque del Sur, Ozama, Nizao, and Bajo Yuna, with damage estimated at 6.652 million pesos.

To reactivate the damaged areas, the Agriculture Secretariat devised a plan for immediate action, entailing a financial outlay of 50.317 million pesos.

The Agricultural Bank accounted for 50 percent of this financial contribution, while the rest will be provided by the producers and private financing.

2909

**200 Policemen Killed, 500 Wounded in 1986-87**

32480054ba Guatemala City *EL GRAFICO*  
in Spanish 16 Dec 87 p 6

[Text] Guatemala City, 16 December—The minister of interior, Juan Jose Rodil Peralta, disclosed that 200 National Police agents have been killed and 500 have been wounded in operations conducted in the fulfillment of their duty since the Christian Democratic administration took office.

The official, who recently underwent surgery, called a press conference at his residence at Diagonal 6, 10-11, Zone 10, yesterday afternoon, to announce the progress made in the area of professionalizing and equipping the civilian security forces, and the plans for 1988.

As for the increased patrolling in the downtown area of the city, Rodil justified it by arguing that there is a high degree of concentration of commercial establishments; and hence, during this season, there is motivation for the massive presence of individuals interested in making purchases.

This does not mean that there is negligence or lack of protection in the outlying areas. There are personnel mobilized in radio patrol cars and motorcycles; all for the purpose of preventing criminal acts to the greatest possible extent. He noted that somewhat the same holds true in urban areas in the outlying section of the country.

Once again, he acknowledged the vital assistance rendered to the national police by the Federal Republic of Germany and Spain; announcing that, next year, 400 vehicles would be brought from Mexico to be used in the patrol work. By then, the city will be squared off in grids, and this will enable the citizen who so requires to receive aid from a unit.

Rodil also admitted that this does not mean that there is a remedy for solving the problem of violence; because it is a result of many factors, especially socioeconomic and psychological ones.

2909

**Reportage on Widespread Resistance to Property Appraisal Law**

**MLN Supports Resistance**  
32480054 Guatemala City *EL GRAFICO* in Spanish  
13 Dec 87 p 8

[Text] Guatemala City, 13 December—A national movement against appraisal is brewing throughout the entire republic and, at the same time, committees for defense of private property are starting to be formed, and will begin their protests this week.

The National Liberation Movement [MLN] party decided to support these movements, and its spokesman, Rudy Fuentes Sandoval, made an appeal, in the name of the party, to all the country's sectors to close ranks in these committees for defense of private property.

When the Liberation leader was queried about this movement within the country, he commented: "We have reliable information that, in the interior section of the country, committees for defense of private property are being organized in the various settlements."

The purpose of these committees is to oppose the practice of self-appraisal established by the government, with the new tax system.

These groups will assume an attitude of boycotting self-appraisal until the government gives a concrete explanation of the essential reason for it; because, up until now, everything has been confused. For this reason, the committees will call for abstention from practicing it until its purpose can be clearly observed.

Rudy Fuentes Sandoval added that the MLN party backs this national movement, while simultaneously calling for unity among all the Guatemalan people, and also urging them to support the formation of the committees for defense of private property until President Cerezo explains the essence of the self-appraisal.

He claims that this is necessary, because credibility in the government has been lost; remarking, in conclusion: "We hope that a single front will be formed, without political, religious, or any other kind of distinction, to safeguard the principle of the right to private property."

**Peasants Petition Government**  
32480054 Guatemala City *EL GRAFICO* in Spanish  
30 Dec 87 p 11

[Text] Huehuetenango, 30 December—Over 500 residents of the municipality of San Rafael Petzal held a gathering to protest the self-appraisal decided upon by the government; declaring that they have no money to pay more taxes.

Those participating in the meeting, most of whom were peasants, collected more than 3,000 signatures on a document that they sent to President Cerezo, requesting the repeal of the decree containing the self-appraisal for real estate.

Residents of San Idelfonso Ixtahuacan joined the protest.

**Totonicapan: Rejects Self-Appraisal**

A massive gathering of peasants from the municipalities of San Francisco El Alto, Momostenango, and other rural areas took place in the town of Totonicapan, to voice their protest over the self-appraisal of real estate.

The peasants are of the opinion that this order from the government constitutes pressure forcing them to declare the few assets that they have and to be punished with new taxes.

**San Marcos: 'The Government Wants to Exploit Us'**

Residents of Santa Cruz Comitancillo, in the department of San Marcos, plan to annex themselves to Mexico, because the government of Guatemala is not helping them, but rather wants to "exploit" them with the single tax, according to representatives of that locality's residents, namely, Vicente Aguilera Lopez and Guadalupe Isidro Juarez.

**Chiquimula: 'The Taxes Hurt the Poor'**

Residents of the 11 Chiquimula municipalities expressed their rejection for self-appraisal, viewing it as hurting the interests of the entire population. Residents claimed: "The taxes hurt not only the rich, but also poor people like us."

**Protests Also Made in Solola**

As a result of the terms of the new tax laws, protests against self-appraisal are growing; and hence about 300 peasants from the plateau region have requested that the president of the republic, Marco Vinicio Cerezo Arevalo, exempt them from the self-appraisal of their landed property.

For this purpose, the residents of the village of Xojola, of the municipality of Nahuala, in the department of Solola, sent the president a document requesting that this measure not be applied to them, because they are poor and their small plots of land are the only asset that they have to support their families.

In their explanation, they note that they have received their land as an inheritance from their forebears and, understandably, have no title or tax registration; therefore, they have not paid any kind of tax levies. And they add that, because of their poor condition, they have built only huts in which to live, without the aid of any state institution.

**Thousands Demonstrate**

32480054 Guatemala City *EL GRAFICO* in Spanish  
9 Jan 88 p 7

[Text] Totonicapan, Ciudad Procer, 9 January—In one of the most heavily attended demonstrations of the past 20 years in western Guatemala, yesterday thousands of peasants protested against the "self-appraisal" ordered by the Christian Democratic government.

The peasants packed the Atanasio Tzul Square, which proved too small to accommodate the large crowd attending the demonstration lasting for over 3 hours, without any major incident.

The security forces kept a discreet watch over the area, but never intervened, nor did the demonstrators ever disrupt order.

The protests were directed mainly at self-appraisal, with the speakers claiming that this was a measure directly affecting the peasants.

The demonstrators explained that "this is an act of the government which hurts the interests of small peasants like themselves, who receive little from the state and from whom much is asked."

Demonstrators burned the self-appraisal forms, thereby showing their total repudiation for the state measure seeking to punish sectors with fewer means.

Upon burning the forms, the rural workers called upon God, asking for "patience to be able to withstand the seven evil things, but also medicine, to cure them."

Shouting "it was born here, and it will die here," the demonstrators burned the white star, symbol of the Christian Democratic Party; declaring that it was in this town that the Christian Democratic force came into existence, but that it would die there.

The demonstrators added: "The high cost of living is becoming the people's greatest enemy every day," while noting that the protest was also aimed at informing the authorities that "the peasants are also a part of Guatemala, and they are poor people."

The peasants repudiated the high cost of living, the increase in electric power rates, and the self-appraisal, holding the government responsible for the increasingly distressful situation of Guatemalan peasants.

The farm workers gathered at this meeting explained that they did not agree with the current economic policy of the Christian Democratic government.

According to the statistics provided by the organizers of the gathering, residents of 48 cantons of the department attended the demonstration.

Also reported was the presence of residents from seven departmental municipalities, and of the departmental capital, the site of yesterday's large gathering.

The organizers think that there were 50,000 persons in the crowd, while the local authorities estimated the number at 30,000. An average would give an estimated 40,000 persons gathered at the small square in the locality of Totonicapan.

**San Marcos Threatens Secession**  
32480054 Guatemala City *EL HERALDO* in Spanish  
22 Dec 87 p 20

[Text] Guatemala City, Dec (ACAN-EFE)—According to reports reaching this capital on Monday, the tax reform promoted by the Christian Democratic government has caused a resurgence of the separatist movement in the western part of Guatemala.

The movement originated in settlements of the department of San Marcos, which was part of the "sixth state (of Los Altos) of the Central American Federation," headed by Quetzaltenango, and including Totonicapan, Huehuetenango, and Solola, between 1925 and 1928.

On Monday, the departmental governor of San Marcos, Benjamin Anzueto Garcia, informed the central authorities that, "The population is threatening to annex itself to Mexico if the government forces it to self-appraise its property."

The self-appraisal of property was ordered as part of the "tax reorganization" enacted by the Christian Democratic government in June of this year, including reforms of various taxes, all based on increased percentages.

Included among the reformed taxes are those for individual and business income, value added in goods and services, stamped paper and tax stamps, vehicle traffic, and poultry production, which has benefited from an exemption for 20 years.

It has also been ordered that every property owner appraise his property holdings to adjust the payment of the territorial tax on urban properties (for housing or business) and rural properties (exclusively for cultivation, or for rural housing and cultivation).

According to the government's theory, "self appraisal denotes trust in the taxpayer," but the business, trade union, political, and low income sectors warn that "this is a trap that could imprison anyone falling into it."

They base this opposition on the fact that, according to the law in force, when the "self-appraisal" is signed, the document becomes a "sworn statement," and if it is proven lower than the official appraisal, the signer has committed "perjury and ideological misrepresentation."

Both crimes have financial penalties which, in the case of real estate (urban or rural), could amount to twice the official appraisal, and up to 10 years in jail, depending on the amount that has been omitted. The opposition in the country is widespread, but exists mainly in the rural areas, and has gained greater strength in the western zone, where demonstrations have been held, and the idea of separating from Guatemala has had a resurgence, a desire that has always been latent.

2909

**Chandisingh Succeeds Shahabuddeen; Other Postings Cited**  
32980147a Georgetown *GUYANA CHRONICLE*  
in English 5 Jan 88 p 1

[Text] The Office of the President yesterday announced that with effect from January 1, 1988, Cde Patrick McKenzie M.P., A.A., Senior Minister in the Ministry of Agriculture, has been given full responsibility for Agriculture. As of that same date, Cde Seeram Prashad, M.P., Senior Minister of Labour, has been assigned the additional responsibility for Co-operatives.

Both of these portfolios were hitherto held by the Cde President.

With a view to his assumption of other responsibilities, Cde Mohamed Shahabuddeen, M.P., O.R., Vice-President, First Deputy Prime Minister and Attorney-General is current on leave as from December 12, 1987 to February 5, 1988, save for a limited appearance in Parliament during last week.

With effect from January 1, 1988, his responsibility for the Ministry of Legal Affairs is being transferred to Cde Ranji Chandisingh, M.P., Vice-President and Deputy Prime Minister, pending further arrangements.

Although on leave, Cde Shahabuddeen, of course, remains Attorney-General.

/9274

**Trade Team Leaves for Annual Joint Meeting in Cuba**  
32980146a Georgetown *GUYANA CHRONICLE*  
in English 9 Jan 88 p 1

[Text] A six-member Guyanese team, headed by Trade and Tourism Minister Winston Murray, is scheduled to leave for Cuba next Thursday for the 1988 annual Cuba/Guyana Joint Commission meeting in Havana.

Minister Murray is co-Chairman of the Commission, which this year will be chaired by the Director of Cuba's Americas State Committee for Economic Collaboration, Senor Roberto Rivas.

Next week's meeting, expected to last for seven days, will focus on trade and scientific, technical, educational and cultural cooperation between the two countries.

Guyana's team at the Havana talks will be Senior Minister Murray; Dr Cecil Rajana, Head of the Department of International Economic Co-operation (DIEC); Claude Housty, General Manager of the Guyana Rice Export

Board (GREB); Avinash Bhagwandin, Director of Foreign Trade in the Ministry of Trade and Tourism; Dabi Singh, Head of Section in the DIEC; and Debra Hardy, the Trade and Tourism Ministry's Senior Foreign Trade Officer.

The meeting which begins Friday January 15, is held alternately in Georgetown and Havana. Guyana is due to host next year's meeting.

/9274

**Pollydore Optimistic in Year-End Message to Workers**

32980147b Georgetown *GUYANA CHRONICLE*  
in English 5 Jan 88 p 1

[Text] Despite the economic situation of workers in 1987, there still prevails among the people the optimism that things are moving towards a better and more progressive Guyana. And there is, generally, an abundance of goodwill for the Government.

General Secretary of the Guyana Trades Union Congress Joseph Pollydore made this observation in his New Year's message to the workers of this country.

He explained, "It is true to say that today in spite of low wages and rising prices there seems to be plenty of money in circulation, some of it undoubtedly from drugs, but a good deal of it comes from legitimate sources as gifts and reward for personal initiatives of individuals who are prepared to work hard."

He noted: "You can get anything to buy in Guyana today from a needle to an anchor once you have the money.

Among the positive happenings in'87:

- "Guysuco and Guymine have shown substantial economic recovery.
- "It has been reported that within a short while the country will become self-sufficient in milk.
- "The industrial relations climate in Guyana has shown considerable improvement.
- "Wages and salaries have been increased not to the extent of coping with the effects of devaluation, but appreciably better than had been the case in recent years.
- "The Industrial Relations situation at Guymine has shown considerable improvement in Worker Management, Union Relations.
- "Negotiations between the TUC and the Government on wages and salaries and related matters have always been conducted with frankness and mutual respect.

He declared that in spite of the serious economic and social problems which workers experienced during 1987 there still remains among workers and Guyanese, generally, an abundance of goodwill for the Government.

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**PL Convention Communique**

32480052b Tegucigalpa *EL HERALDO* in Spanish  
21 Dec 87 p 5

[Text] The Liberal Party convention approved a document, signed by all of the leaders of its internal factions, that summarizes most of the decrees and resolutions passed by the great assembly.

The document lends total support to the administration of President Jose Azcona Hoyo, backs the "Esquipulas II" peace plan and denounces the double-crossing of voters through the suspension of the municipal elections.

The following is the document that was approved:

The regular Convention of the Liberal Party, aware of its historic responsibility in the search for the economic and social well-being of the Honduran nation under a system of freedom, justice and cultural betterment, feels that resolute action by the Liberal Party, as a main component of the Honduran people, cannot be postponed, in order to build peace and national integration and to assert the liberal principles of the sovereignty, integrity and identity of the State, through the action and involvement of the individual and the power of the people that sustain the State.

The Liberal Party of Honduras, which is the source of the present government of the republic, was pleased to see the initiative that the president of the republic, Jose Azcona Hoyo, proposed at his swearing in and that the administration took at the outset of its term, in 1986, to put together a Social Pact.

To Liberals this social pact must result from the adoption of a National Project drafted in accordance with the doctrine and the principles of the Liberal Party of Honduras, a project that will help to establish the country that we need and desire for the 21st century, with effective and practical goals for the comprehensive development of society, goals that can awaken a national mystique and the joint involvement of the various social, economic and political sectors and the entire nation, under the leadership of the Liberal administration.

In this regard, the convention of the Liberal Party lends its strong backing to President Jose Azcona Hoyo, both in achieving this goal to keep his campaign pledges and for his devotion in daily governmental tasks to the common good and to resolving the many problems that he must confront so that the country can develop.

The convention of the Liberal Party, which wants the administration to function harmoniously as a prerequisite for maximum performance and pooling of creative willpower, trusts, and in turn demands, that the Liberal Party, now that it has taken office, will eradicate once and for all any sectarian practice aimed at repressing,

harassing, sidelining or taking reprisals against those Liberals who because they belong to one faction of our party, do not agree with the philosophy or political leanings of another faction.

In this respect, the convention of the Liberal Party stresses that the stability of the government depends largely on the sum total of Liberal willpower, which can be developed only in a climate of understanding in the bureaucracy, the regulation of which hinges mainly on the proper enforcement of the Civil Service Law.

To this end, it is extremely important for the Liberal bloc in the Congress of the Republic and the Executive Central Council to maintain ongoing, smooth contacts, in order to insure that major decisions are made in consultation and are strictly in keeping with the principles and platform of the party.

In addition, the Liberal Party of Honduras contends that the application of its principle of participatory democracy, as far as national integration in government is concerned, must in no way be confused with a mathematical apportionment of public posts and government powers. This would be nothing more than negotiating away the groundwork of the liberal State, which is subject to checks and balances through a constructive opposition, never an unholy alliance in the exercise of public power.

Therefore, the involvement of all political sectors in government, as provided for in Article 5 of the Constitution of the Republic, means to the Liberal Party the patriotic harnessing of the intelligence, special talents and human resources of the nation to run the government. Such intelligence is, however, placed in service to the philosophy and principles of the party that the majority of the people have brought to power so that it can carry out its political platform. As for the National Party's announced intention to withdraw unilaterally from part of its political commitment to the ruling movement of the Liberal Party, the Executive Central Committee will have to analyze this move and will issue its rulings and guidelines for the party.

Consequently, the Liberal Party of Honduras proclaims its support for the rapid adoption of policies to effectively reduce the current-account deficit to an appropriate level in relation to the gross domestic product, as well as the balance of payments deficit, and at the same time to undertake programs to diversify and increase exports.

The Liberal Party likewise supports the administration's efforts to contain inflation and the formulation of measures to transfer funds to productive investments aimed at exports, as well as the decrease in the current spending of government, an improvement in revenue management, the streamlining of defense and security spending,

the education of the country's bureaucracy and the privatization of the Honduran economy, including the elimination of the indiscriminate system of tax breaks for production.

These and other economic and financial measures must represent a well-coordinated, flexible plan aimed at boosting output, jobs and national wealth, as we are aware that economic well-being and social justice are the most important bastion of national security.

The convention of the Liberal Party of Honduras proclaims its support for domestic peace, peace in Central America and world peace. To Liberals, peace is not just the absence of confrontation; rather, it is tranquility and social harmony based on economic well-being, individual security, respect for human rights and social life within a democratic system marked by justice and liberty.

At this crucial moment for Honduras and Central America, the Liberal Party of Honduras gives its resolute, firm and unconditional support to the Procedure to Establish a Firm and Lasting Peace in Central America, or the Esquipulas II Accord, signed by the presidents of Central America on 7 August of this year.

The convention of the Liberal Party congratulates the president of the republic for having faithfully interpreted the will of the Honduran people by signing this historic document and urges him to continue in an earnest and timely manner to comply with all of the commitments that the Honduran nation and, in particular, the Liberal Party thus made, which will help not only to enhance Honduras' image throughout the world but also to make our country a respected and reliable partner in forging the destiny of Central America.

The Liberal Party of Honduras sees the Esquipulas II Accord as a mechanism for bringing peace to the region, and at this juncture it is yielding major, undeniable results in this regard. In addition, the Liberal Party of Honduras is convinced that we must already look towards the second stage of the peace process in Central America, the stage of economic measures aimed at the development that is indispensable for strengthening peace. To this end, international support has already been voiced, as seen in declarations by the Congress of the United States, the United Nations, the OAS, the European Community, the countries of the Contadora Group and the Support Group and industrialized countries.

The ruling Liberal Party of Honduras must thus make ready to submit its own priorities and projects as the Central American peace plan unfolds, to devote its efforts to achieving this goal, which is, when all is said and done, the greatest accomplishment for our people

and the Central American nation, which war and the bipolar ideological confrontation have caused so much bloodshed and such endless hardship, and, accordingly, to live together with dignity and integrity in the international community.

Therefore, the authorities of the Liberal Party at all levels are obliged to put new life into their efforts so that programs can be implemented to train, to document, to raise funds through member fees and to modernize the mechanisms of action of Liberals with a view towards future elections and the exercise of power.

As for contributions to the party, the convention of the Liberal Party feels that they must enter the institution's till to be valid. Money given to internal factions or to candidates for elected office cannot be catalogued as contributions to the Liberal Party.

The Liberal Party, through its authorities, is obliged to reassess the control that the National Party exercises in electoral agencies and bodies, to strike a balance that will guarantee a genuinely democratic, honest and equitable electoral process. In addition, the authorities of the Liberal Party must review its involvement in all of the country's electoral bodies to prevent manipulation by those who currently enjoy predominance in this sphere and, at the same time, to establish an electoral system with fair opportunities for the participating political institutions.

The Liberal Party denounces the failure to hold municipal elections, by which the electorate has been double-crossed. This decision has served to prevent another electoral defeat from eroding the National Party, has undermined confidence in political organizations and has weakened the institutional groundwork of civilian government.

Therefore, the convention of the Liberal Party feels that the postponed municipal elections must be held at the first opportunity, which could coincide with the electoral process called for in the Esquipulas II Accord for the selection of deputies to the Central American Parliament.

The Liberal Party of Honduras, fully aware of its duty to strengthen the nation's sovereignty and integrity, appeals to its activists, especially to young people, to work tirelessly and with love for Honduras to affirm our identity and the values of our culture and to foster domestic and international respect for our homeland, which entails an eminently pro-Honduras domestic policy and a foreign policy aimed at defending and promoting the interests of Honduras above any other consideration.

**Seaga, Manley Discuss Conduct of Political Campaigning**

32980149a Kingston *THE DAILY GLEANER*  
in English 18 Jan 88 p 1

[Text] Prime Minister Edward Seaga, Leader of the Jamaica Labour Party (JLP) and the People's National Party (PNP) President Michael Manley are expected to reach agreement soon on the principles which will govern political campaigning and the conduct of election candidates and other party functionaries, according to a statement released jointly by the two leaders last Saturday.

The release said that "the two leaders have been holding private meetings alone over the last few weeks at Vale Royal to consider various initiatives designed to improve the relationship between JLP and PNP supporters and to encourage peaceful elections.

"Both leaders have reached consensus on a number of issues," the release said, "and further discussions are scheduled to be held to finalise these important initiatives."

It added: "As one important initiative, both leaders have agreed to expedite the establishment of a Code of Conduct for election candidates and have instructed their representatives on the bi-partisan committee to prepare the draft Code of Conduct for ratification and presentation to the public within the next few weeks. The bi-partisan committee has also been instructed to put in place the appropriate monitoring mechanism to ensure compliance with the provisions of the Code.

"Both leaders are committed to strengthening and building upon the agreement between the two parties which was made prior to the Local Government elections in order to ensure that the stability and economic recovery of the country is not jeopardised by the excesses which have characterised political elections in the past.

"Further announcements on the areas of agreement now being finalised will be made jointly by Mr. Seaga and Mr. Manley in due course.

"In the meantime, the bi-partisan committee which has been meeting regularly to discuss the agenda of items of mutual interest will continue, to do so to provide supporting material for the discussions between the two leaders."

/06662

**Strike Poses Setback to Success of Sugar Crop**  
32980149b Kingston *THE DAILY GLEANER*  
in English 18 Jan 88 p 3

[Text] The current sugar crop has had its first setback since starting a month ago, with field and factory workers at Frome Sugar Factory in Westmoreland, New Yarmouth in Clarendon, and Appleton in St. Elizabeth having gone on strike to back demands for pay increase.

The unions representing the workers, the NWU and BITU, are asking for a 25 per cent wage increase for the workers from the Sugar Producers Federation, while the Federation is only prepared to offer the 10 per cent stipulated by the government's wage guideline.

The workers are also disturbed that the Ministry of Labour has opted to refer the issue to the Industrial Disputes Tribunal.

Our Western Bureau filed this report:

Over 200 field and factory workers at the island's largest sugar factory went on strike on Friday following a decision by the Ministry of Labour to refer their wage dispute to the Industrial Disputes Tribunal.

The field workers are demanding a raise above the government's 10 per cent wage guideline.

There is concern that cane harvested since Thursday are likely to go sour if the strike continues, and this has generated fears among cane farmers in the sugar belt. They stand to lose thousands of dollars.

The workers are represented jointly by the NWU and the BITU.

And our Four Paths correspondent has reported that factory workers at New Yarmouth Sugar Factory went on strike at 8:00 a.m. the same day too back demands for wage increase and fringe benefits.

Our correspondent reported seeing a large number of workers standing at the factory gate, in an angry mood.

There are nearly 600 workers employed at New Yarmouth and only a skeleton staff was said to be keeping the machines in operation as no one was being allowed to get in.

Although the mills were still in operation, there are no canes lying on the ground.

At Appleton yesterday, a spokesman said "staff are managing the operations and trying to salvage the canes that have been cut."

The IDT has convened an emergency meeting for tomorrow in an effort to resolve the problem, but it is understood that at least one of the unions, the NWU, is not likely to attend.

[On 22 January, page 3, *THE DAILY GLEANER* reports that the Industrial Disputes Tribunal (IDT) on the 22d issued an order for the resumption of normal work in the sugar industry, calling on striking workers at all five estates to cease their industrial action. What the workers' response to the order might be was not indicated.]

/06662

### Recent Political, Economic, Social Developments

32480062 [Editorial Report] Various Spanish-language Mexican press sources, as indicated, have been consulted to prepare the following collection of extracts, No 10 in a series. Where further processing by FBIS is planned, a note to this effect accompanies the item.

**Salinas on Debt Repayment**—Speaking before a gathering of the Mexican Engineers Society in Aguascalientes, on 19 January, Institutional Revolutionary Party (PRI) presidential candidate Carlos Salinas de Gortari stated that "We shall pay if we grow," referring to economic growth as a prerequisite for repayment of Mexico's foreign debt. [Mexico City EXCELSIOR 20 Jan 88 pp 1-A, 16-A]

**Further on SRTPRM Criticisms Made in Salamanca**—At the 13 January Salamanca, Guanajuato, presidential campaign gathering for Salinas de Gortari—which was reported in No 9 of this series—Revolutionary Trade Union of Petroleum Workers of the Mexican Republic (SRTPRM) leaders Fernando Carvajal Servin and Salvador Barragan Camacho were invited to speak extemporaneously by Salinas. According to PUNTO: "Carvajal was surprised by the invitation because he was not on his own territory—this being an event that had been arranged by the Confederation of Mexican Workers (CTM), the Revolutionary Confederation of Workers and Peasants, and the Regional Confederation of Mexican Workers—and therefore lacked the necessary preparations, specifically, the noisy supporters in the crowd who are present every time the oil worker leaders speak before the presidential candidate." As for Barragan Camacho's remarks, PUNTO observed that these were applauded "only by some aides" and, "visibly annoyed because he was finding no response to his words," Barragan Camacho went on to say that the SRTPRM contribution to the Salinas campaign would consist not of money but rather agricultural equipment that could be distributed among supporters. [Mexico City PUNTO 18 Jan 88 p 13]

**Possibility of New Organized Labor Constellation Rumored**—Citing the anger felt by many labor leaders toward CTM President Fidel Velazquez for having subscribed to the government's Economic Solidarity Pact last December after insisting that he would lead a national strike if a 46 percent wage increase for workers was not approved, the "Political Fronts" column says that "discontent in the labor sector threatens a definitive break in which on one side would stand Fidel Velazquez and those loyal to him and on the other, Joaquin Hernandez Galicia [SRTPRM] and Carlos Jonguitud Barrios [National Trade Union of Educational Workers], who would head a new labor federation that would include independent trade unions and other organizations." [EXCELSIOR 19 Jan 88 pp 1-A, 15-A, 35-A]

**Buendia Case Special Prosecutor**—In response to a request from journalists and the brother of murdered investigative reporter Manuel Buendia, Attorney General for the Federal District Renato Sales Gasque

announced on 20 January that he will name a special prosecutor empowered to bring what the petitioners say is a stalled investigation into the murder to a successful conclusion. Sales Gasque said that the investigation is now sending through diplomatic channels to FRG arms dealer Gerard Mertins a list of more than 300 questions it wishes to address to him concerning the case. [EXCELSIOR 21 Jan 88 pp 4-A, 19-A; Mexico City LA JORNADA 21 Jan 88 p 3; for an earlier report on the Buendia case, see JPRS REPORT: LATIN AMERICA of 17 Dec 86 (JPRS-LAM-86-115), p 83.]

**Budget Cut Not To Affect Laguna Verde**—According to a statement made 12 January 1988 by Sole Trade Union of Electrical Workers of the Mexican Republic Secretary General Leonardo Rodriguez Alcaine, the 1988 federal budget reductions will not affect plans to inaugurate operation this year of the Laguna Verde, Veracruz, nuclear electric plant. Rodriguez Alcaine added that the plant's fuel will be loaded in January or February and commercial operation of the facility will follow 4-5 months thereafter. [EXCELSIOR 13 Jan 88 pp 4-A, 29-A]

**Aspects of Capital City Water Shortage**—According to Agriculture and Water Resources Secretariat (SARH) official Fernando Gonzalez Villareal, Mexico City's water problem is not just a matter of allotting more economic resources for water delivery projects: "There is simply no more water available to bring to the Federal District." Gonzalez Villareal, who is under secretary for Hydraulic Infrastructure, said that instead of building larger projects for water delivery the present system must be made more efficient inasmuch as 60 of every 100 liters of water are wasted in the course of either delivery or domestic consumption. The capital presently consumes 37,000 liters of water per second. [LA JORNADA 4 Dec 87 p 15; EXCELSIOR 3 Dec 87 p 4-A]

**Sketches of Special PRI Commission Members**—For a recent Mexico City PROCESO discussion of the ideological orientation of members of the Commission for the Strengthening and Modernization of the PRI and a related entry in No 7 of this series, see JPRS REPORT: LATIN AMERICA of 20 Jan 88 (JPRS-LAM-88-004), pp 26-30.

### Bishops Call Upon Citizens To Refrain From Voter Abstention

32480060 Mexico City DOCUMENTACION E INFORMACION CATOLICA in Spanish  
24 Dec 87 pp 993-994

[Text of "Concerning the Elections; Pastoral Orientation of the Mexican Episcopate"; Mexico, D.F. 12 Dec 1987]

[Text]

#### Introduction:

1. The political elections which are drawing near in our nation constitute an event of great national importance. Mexico's future is at stake because, when the citizens

exercise their right to vote, the country's welfare is determinated to a great extent. Aware of this, anyone who has not yet done so should register as soon as possible.

2. Our current reality is complex, and has manifested itself in the form of a crisis the root of which is not merely economic and political, but predominantly moral. On this political occasion in Mexico, we bishops, in our capacity as pastors, must give a word of orientation to the Catholic faithful and to other persons of good will. At the outset, we give notice that we cannot and have no desire to identify ourselves with, or back any political party, group, or system; but, based upon our mission, we maintain the right to express ourselves in moral judgments and assessments of situations, systems, and ideologies.

### I. Politics

3. We give a reminder, once again, that the dual significance of the term "politics" is valid in the social sciences:

a) Politics in the broad sense refers to the general welfare of the society, and covers the area pertaining to the fundamental values of the person and the community. In this broad sense, politics concerns all the intermediate agencies, such as trade unions, universities, etc., and, by the same token, it also concerns the Church as a community, and us bishops, as promoters of human, moral, and Christian values that should inspire the temporal order.

b) Politics in the strict sense is the action of groups of citizens who propose to achieve and exercise public power, to resolve the country's social, economic, cultural, and political issues, based on their own criteria and ideologies. This is the so-called "party politics." This area is not germane to bishops and priests, but rather relates to lay people, as responsible members of the civil society. They must participate in the establishment, organization, and support of the political parties, depending on their criteria, ideology, and strategies for attaining their legitimate goals.

### II. Criteria

4. The responsible exercise of the vote requires bearing in mind certain criteria, such as:

a) The ideology upheld by each party; b) The program that it intends to carry out; c) The ability and moral quality of its candidates; d) The reasonable confidence that those who come to power will respect the fundamental rights of persons, and will seek the real good of the country.

### III. Citizens

5. We call upon all citizens, out of a sense of responsibility and active participation, to reject the apathy that leads to voter abstention and to develop a mature and correct civic awareness, as well as nurturing optimism and hope.

6. To be sure, we address the youth, urging them to assume their responsibility for the construction of a more just and fraternal Mexico, in which integrity, truth, and peace will prevail; where there will be no place for violence; and where the dignity of the person will be appreciated in the light of authentic human and Christian values.

7. It is a serious responsibility of adults and institutions to offer an honest, clean, political electoral process. We want to remind the neediest groups (Indians peasants, workers...) that the fact that they belong to some intermediate association does not necessarily hamper their desire to take a stand in favor of, or against a particular party.

8. The elections are a challenge to everyone, so that the vices of corruption, concealment of the truth, individualist interests, and all types of violence, oppression, and threats may disappear from our social life. They are, in turn, a commitment, so that there will be respect for individual guarantees and the actual result of the voting; and so that unity, reconciliation, and justice will be fostered, and truth and citizens' freedom will be demanded, based on a legitimate pluralism.

### IV. Authority

We trust that, as they have already promised, the public authorities will guarantee and make certain: to give freedom and support to all political parties alike; to place at the parties' disposal the news media required for free and truly democratic elections; and to respect each party's votes. We also give a reminder that the vote must be free and secret.

### Conclusion

10. The civic and political obligation does not end with the vote and its proper defense. The citizen must at all times responsibly perform his own tasks, and redirect the action of those in power, through suitable channels of expression.

11. We ask of all a generous effort to achieve national unity and to preserve our people's historical and cultural identity; in this way, we shall be able to construct a Mexico which can view the future with confidence.

We harbor the strong hope that, despite the crisis of values that our nation is undergoing, this brief pastoral orientation will be accepted with an open spirit, and will serve to seek the good of all Mexicans at the present

time. We address our prayer to Holy Mary of Guadalupe, that the coming elections will take place in an atmosphere of responsibility, respect, and peace.

Mexico City, D.F., 12 December 1987, Feast of Our Lady of Guadalupe.

On behalf of the Mexican bishops:

Sergio Obeso Rivera, archbishop of Xalapa, president of CEM [Mexican Bishops Conference]; J. Esaul Robles Jimenez, bishop of Zamora, vice president of CEM; Manuel Perez-Gil Gonzalez, bishop of Tlalnepantla, secretary general of CEM; Luis Morales Reyes, coadjutor bishop of Torreon, general treasurer of CEM; Antonio Lopez Avina, archbishop of Durango, representative of the Vizcaya-Pacifico Region; Jose A. Llaguno Farias, bishop of Tarahumara, representative of the Northern Region; Jose Fernandez Arteaga, bishop of Colima, representative of the Western Region; Anselmo Zarza Bernal, bishop of Leon, representative of the Lowland

Region; Manuel Samaniego Barriga, bishop of Cuautitlan, representative of the Surrounding Metropolitan Region; Luis Munive Escobar, bishop of Tlaxcala, representative of the Eastern Region; Jose Maria Hernandez Gonzalez, bishop of Chilapa, representative of the Southern Region; Emilio C. Berlie Belaunzaran, bishop of Tijuana, representative of the Northwestern Region; Juvencio Gonzalez Alvarez, bishop of Ciudad Valles, representative of the Northeastern Region; Miguel Patino Velazquez, bishop of Apatzingan, representative of the Don Vasco Region; Ricardo Watty Urquidi, auxiliary bishop of Mexico City, representative of the Metropolitan Region, D.F.; Pedro Aranda-Diaz Munoz, bishop of Tulancingo, representative of the Central Region; Mario de Gasperin Gasperin, bishop of Tuxpan, representative of the Gulf Region; Rafael Garcia Gonzalez, bishop of Tabasco, representative of the South-eastern Region; Luis Miguel Canton Marin, bishop of Tapachula, representative of the South Pacific Region.

2909

## Recent Political, Economic, Social Developments

32480071 [Editorial Report] The following items have been abstracted from reports published in various issues of the Spanish-language press in Nicaragua, as indicated. No IO of a series.

**Managua CDS 'Shake-Up'**—As part of continuing discussions in Managua over how to improve the work of the CDS [Sandinist Defense Committees], 19 members of the Andres Castro neighborhood committee held an "argumentative, critical, self-critical" meeting and decided to "democratize the CDS and hold elections in March." Elections had been called 7 months previously but were never held. The "weak work presently carried out" by the CDS was blamed in part on the parent committee for zones 4-6. [BARRICADA 18 Jan 88 p 2]

**JS Head on Standards for Membership, Numbers**—Pedro Hurtado, general coordinator of the JS [Sandinist Youth], stated that requirements for membership have been broadened to accept all "patriotic and anti-imperialist" youths in that organization. He added: "Patriotism and anti-imperialism are not in contradiction with Marxism. We can be Marxists, but it doesn't follow, nor is it expected or necessary, to go proclaim everywhere that one has to be a Marxist, and that this is salvation." Of 25,000 "Cubs" drafted into the SMP [Patriotic Military Service] only 10,000 belong to the JS. "We are not at all happy with that number," Hurtado asserted. [BARRICADA 31 Jan 88 p 3]

**SMP Rolls Checked for Evaders**—The head of the EPS [People's Sandinist Army] military police in Managua announced a new effort to check all SMP files to exercise greater control over youths who evade the draft. Sublieutenant Adolfo Delgado said of this effort: "Generally, it is viewed as an act of repression, but it is just the opposite. What is attempted... is to prevent youths from committing the crime of evading the SMP." Preventive measures, he added, would be in two stages: the first an interview between youths and an EPS officer, and the second a search of the homes of those youths who failed to attend their summons. [BARRICADA 26 Jan 88 p 1]

**Tirado on Industrial Energy Problems**—Commander Victor Tirado called on workers at each enterprise to form a "general staff" led by the CST [Sandinist Worker's Union] which would determine relocation of workers displaced by industrial shutdowns derived from energy shortfalls. Tirado explained that the labor movement would have to make a sacrifice in order to supply the agricultural sector with electricity. [BARRICADA 1 Feb 88 pp 1,5]

**Decline in Sugar Production**—National sugar production has declined by 800,000 quintals over the last 4 years, according to Deputy Minister of Agriculture Eduardo Holmann. Sugar mills are operating at 50-60 percent of

capacity due to lack of spare parts, equipment, and transportation. Sugar production goal for 1988: 4.6 million quintals. [EL NUEVO DIARIO 1 Feb 88 pp 1, 12]

**Tannery 39-Percent Short of Production Goal**—In 1987 the Condega Tannery achieved only 61 percent of planned production. Lack of materials and spare parts idled several areas of the tannery. Labor indiscipline "among some workers" also received blame. For 1988 the tannery plans to export 1,000 processed hides per month, which would earn 45,000 dollars each month. [BARRICADA 21 Jan 88 p 8]

**Pastora Demands 'Quota of Power'**—A source close to Eden Pastora claimed that he would return to Nicaragua only if the Sandinists yield a "quota of power" to him. Pastora was said to have held talks with Sandinist Julio Sanchez on 16 January during the presidential summit meeting in San Jose, and with Tourism Minister Henry Lewites in October 1987. [LA PRENSA 29 Jan 88 p 3]

**21 AIDS Carriers in Managua**—The Ministry of Health has carried out 600 tests for AIDS in Managua targeting high-risk groups, defined as "homosexuals, prostitutes, hemophiliacs, and health personnel." Some 21 carriers of the disease have been detected, all apparently still in good health. The carriers "have been very cooperative and receptive to the medical recommendations." To date no person testing positive has died of the disease in Nicaragua. [BARRICADA INTERNACIONAL 13 Jan 88 p 17]

**80 New Wells Planned for Region 2**—As part of a concerted effort to alleviate the drought in the area, 80 wells will be sunk in Region 2, 30 of them in San Francisco del Norte. Resettlement of 200 families from northern Chinandega is also under consideration, according to Martha Crenshaw, FSLN chief for the region. [BARRICADA 18 Jan 88 p 2]

### Opposition Left, Coordinating Board Criticized 32480057b Managua BARRICADA in Spanish 23 Jan 88 p 3

[Commentary by Guillermo Cortes Dominguez: "A Dangerous 'Leftist' Tactic"]

[Text] The alliance among leftwing and rightwing politicians is inevitably noteworthy, like an extremely rare museum piece, like something that does not quite fit, like a painting on its side.

It is not that there cannot be associations among parties of different and even opposing ideological persuasions, but this alliance kicks over the traces.

Because there can be no unity with the counterrevolutionaries. It is all too well known that the Sacasa Coordinating Board is a political structure of the counterrevolution, run by the American CIA.

They removed their capital, discouraged production, hired the CIA, involved themselves in military actions, tried to sabotage the elections and stage public demonstrations with agents from the American Embassy, while their propaganda is designed to destroy the new revolutionary State. They conspire day and night!

What doubt can there be?

Their officers are the Contras' politicians inside the country. They are the ones who do the "legal" work.

What sort of unity can there be with the counterrevolution from a revolutionary perspective?

But it is one thing for "leftwing" parties to have disagreements with the FSLN [Sandinist National Liberation Front] and another to associate with the enemies of the revolution, especially when these disagreements with Sandinism are allegedly over its not having intensified the revolution.

What a contradiction!

The Nicaraguan Socialist Party (PSN) and Nicaraguan Communist Party, which define themselves in their platforms as revolutionary political groups whose strategic objective is socialism, are challenging the FSLN leadership because they feel that it is leading the country towards a "bourgeois democratic regime."

Very well. Then we can expect that while brandishing this charge they would seek to undertake the real revolution that they assume is lacking in Nicaragua.

Unless they feel that they are going to achieve this by allying themselves with the Social Christian, Nicaraguan Conservative, Social Democratic and Liberal parties.

Here is where the tremendous distortion lies, because their allies are precisely the people most interested in never seeing socialism built in Nicaragua.

The Popular Action Movement (MAP) and the Revolutionary Workers Party (PRT) have another position. Although they reject the FSLN's efforts to tie the hands

of the Reagan administration through the Esquipulas Accords, they have not joined the alliance with the Sacasa Coordinating Board groups.

Carlos Huembes Trejos, who is the president of the Sacasa Coordinating Board, gave his "leftist" associates a humiliating slap in the face when on 10 January he said that the only opposition is the Contras and their political group and that, therefore, the FSLN ought to dialogue only with them.

I don't know whether after this there remained anyone in the "Left" allied with the Right who thought that he was using the Coordinating Board or whether he had to wait for the next slap in the face to see the light: the meeting of the officers of the Coordinating Board with the Contras in Guatemala.

It seems that these two developments had little or no effect, as the leaders of these "leftwing" parties stand firm in their idea of joining forces with the Right to topple Sandinism because it will never spur the construction of socialism.

Once victory over the Front is achieved, the "leftwing" parties would kick the Coordinating Board out, take power and begin the shining era of constructing socialism for the first time on the American continent—and right in the middle of it.

The Coordinating Board would remain calm, and so, in particular, would the people behind it: the Yankees. Yes, they would not keep on attacking Nicaragua. All problems would be solved because with leadership in the hands of "true revolutionary parties" there are no problems.

It would seem, but only seem to be the innocence of a young girl, this insolence of adults who have been spitting together as a group for a very long time.

Such a tenuous alliance is a big mistake, because...

This little piece of the "Left" in our country cannot keep on walking to the left on the arm of the Right, which is the right arm of the armed Right against Nicaragua, of the rightwing government of President Reagan.

**Saberbein: Economic Recovery, Wealth Distribution in 1988**

33480055a Lima *EL NACIONAL* in Spanish  
1 Jan 88 pp 10, 11

[Interview with Minister of Economy Gustavo Saberbein, 31 December 1987, by Cesar Ramirez]

[Text] *EL NACIONAL* talked to Economy Minister Gustavo Saberbein on the last day of 1987. By this date his enemies, his sworn enemies on the right and the left, had hoped to see him fallen, out of the cabinet, and far from any political game that might affect their interests. They raked him over the coals, but the "cat" Saberbein has shown that like a good feline, he can make good use of his nine lives. He has reached 1988 alive and kicking, asserting loudly that the economic policy benefiting the lower classes will be stepped up this year, even if it does tread on a few powerful toes.

[Question] Is it true that 1988 will be a "black year" for the Peruvian economy?

[Answer] Not at all. It will be decisive, and throughout the year the favorable results obtained so far in production, consumption, and productive investment will be consolidated. Progress will also continue in the key point of income distribution and economic decentralization. In July 1985 we had no foreign credit, and family consumption was minimal because the IMF-inspired economic program pursued by Manuel Ulloa had driven down demand. Public and private enterprises were failing because they had no domestic demand, and smuggling was rampant, facilitated by the liberalization of our foreign trade. Moreover, there was a high interest rate. For that reason, we decided not to pay the foreign debt, to protect national production, and to boost consumption, using the idle installed capacity of manufacturing to the maximum. Then production grew by 8 percent in 1986, 7 percent in 1987, the highest growth rates in Latin America. This fact is undeniable.

[Question] If the national economy has grown in the last 2 years, then why are we facing a crisis?

[Answer] The problem is, we have not had this crisis for just 2 years, but for the past decade. The government's policy of limiting payments on the foreign debt protected national production, raised wages and salaries above inflation, and boosted domestic demand considerably in the last 2 years.

But since our economy depends on food, medicine, components, and capital goods that are made abroad, the increase in economic activity was accompanied by increases in foreign currency spending. Therefore, it was necessary to use part of our international reserves. Peru has more than \$1.4 billion in reserves, however, so it can continue growing and face any contingency. But we have an obligation to protect these reserves, preventing any waste or speculative use of them. That is why the

government has significantly raised the price of the dollar for capital goods and luxury items. But the dollar for buying basic foods, essential medicines, and consumer staples has gone up only moderately. Moreover, the exchange rate adjustment means that exporters will receive more intis for every dollar, and can thus expand production and provide more employment in Peru.

[Question] The new tax on net personal assets has caused irritation among rightist politicians, who have called it "confiscatory." What can you say about this new front that has opened up?

[Answer] We are not worried, because it is not a confiscation. Their reaction is normal for any person or group who feels that the time has come to contribute more for the wellbeing of all. This is a measure of profound social significance, because it accentuates our policy of income redistribution. We estimate that in the first year, it will bring some 3 billion intis into the treasury, and it will be paid quarterly as of June of next year. All Peruvians will have to file a special affidavit in March to declare their belongings in terms of houses, land, motor vehicles, aircraft and vessels for luxury and recreation, public securities, stocks, deposits and credits in national and foreign currency, polo and racing horses, collections, works of art and jewelry of great value, provided that they are insured. Each person's debts will be deducted from the total value, and the tax will be applied to the balance, the net assets, after deducting other taxes paid to municipalities and the treasury. The filing of the affidavit for this tax will be an essential prerequisite for carrying out any financial transaction or other procedure, so no one will be able to evade it. In a short time, high-level technical missions from Spain and Italy will arrive in Lima to help us improve our tax collection system, one of the foundations for financing our development needs.

[Question] You say that 1988 will be devoted to exports in order to obtain foreign exchange, but exporters are complaining that there is no true policy of promotion . . .

[Answer] Rather than an economic proposition, it seems to me that this is a political position, and the exporters themselves know that. After an initial period of organization, the Foreign Trade Institute (ICE) will start an aggressive program of export promotion this year. Recently the mechanism of selective devaluation has given exports a profitable base. This measure, for example, will benefit hundreds of thousands of farmers who are working for export, such as those who grow cotton, coffee, and sugar. It will also benefit the mining, petroleum, and fishing sectors, and basically, it will create the conditions so that other economic sectors, in addition to meeting the domestic demand of the market, will have better conditions for increasing production by turning to the international market.

[Question] What is the government's real policy on banking, out and out expropriation, or not?

[Answer] The government may keep 70 percent of the shares in banks and financial entities. The administration has not wanted to give its own interpretation of Articles 13 and 14 of the Law on the Expropriation of the Financial System, and therefore the legislative branch will define unequivocally the minimum share that should be kept by the state in the entities that are in the process of expropriation. The judiciary has been siding with the government, to the extent that eight expropriation processes are underway without a single hitch. Incidentally, the value of the Wiese and Credit Banks will be determined within a month and a half.

[Question] But the legal expropriation processes are getting kind of bogged down . . .

[Answer] Not at all. In an expropriation process, the only thing at issue is the value to be assigned to what the state is expropriating. This is a direct, clear, precise action. To get an idea of what being bogged down means, look at the "amparo" [a writ possessing some elements of an injunction and some of habeas corpus] procedures and other machinations being used by those whose property is being expropriated. But of 21 "amparo" procedures, 16

have been thrown out by rulings favoring the government, and five are in the appeals phase. I don't expect any major problems. It is a matter of refining the enforcement of the law, not haggling over its scope by any means.

[Question] Finally, Mr Minister, can you tell us what you have accomplished in the way of distributing wealth? Isn't it the same to grow while maintaining the inequality?

[Answer] Indeed, that is the most important point, and in view of it, the government is in a position to show positive, concrete results. The percentage of national income earned by wage-earners was 31 percent in 1985. By the following year, that figure rose to 34 percent, and this year it was 36 percent. The self-employed, a category which includes many peasants, those in the informal sector, and others, accounted for 24 percent in 1985, 27 percent in 1986, and 28 percent this year. On the other hand, we see that the share of business profits fell from 39 percent in 1985 to 35 percent in 1986 and remained the same this year. It is clear, then, that the profound inequality that existed in this country in terms of the distribution of wealth has begun to be corrected, and that is a revolutionary measure.

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**Robinson Presents 1988 Budget; Focus on Taxes, Oil**

**Tax Changes**

32980148a *Port-of-Spain DAILY EXPRESS*  
in English 9 Jan 88 p 1

[Article by Andy Johnson]

[Text] Consumers will have less disposable income in 1988 as a result of a series of widespread direct and indirect taxes announced in the \$7.9 billion Budget presented yesterday.

Electricity, business telephones and air and sea travel to Tobago will all cost more. Cigarettes and a range of consumer items will also go up and there will be a 5 percent tax on incomes. But the government has retained the exemption for incomes up to \$12,000 a year.

Businesses have also been hit in a Budget that gave relief in some areas but drug into the pocket in several others. Prime Minister A. N. R. Robinson also removed school book and uniform grants, increased the cost of travel documents and motor vehicle licenses, driving permits and inspection and examination fees.

He also announced the government's intention to introduce a general sales tax and to impose penalties for late submission of income tax returns, among other measures.

In a unique Budget presentation which was first postponed by 90 minutes and then interrupted by a 20-minute break, Robinson, in his capacity as Minister of Finance and the Economy, also announced that he proposed slight increases in the original estimates of expenditure for 1988.

He added that during debate on the Budget he would move an amendment of the original estimate of expenditure from \$7,965.1 million to \$7,985.9, an increase of \$20.8 million.

Robinson announced a reduction of marginal tax rates for individuals from 70 percent to 50 percent as well as reductions in a series of corporation taxes and taxes on interest, all resulting in reduced revenue.

But the Budget packed a powerful punch in a number of areas, such as the removal of subsidies for cane farmers and for passenger and freight travel to Tobago.

It was also announced a five percent "Mobilisation Tax" on total net incomes of individuals, except where such income is tax exempt, and the Unemployment Levy and National Recovery Impost will be removed for individuals only.

The tax-free passage grant is eliminated, while a one percent business levy will be imposed on the gross sales or receipts of any trade, business, profession or vocation. The levy is not tax deductible and will apply "notwithstanding a person is exempt from income tax or corporation tax," Robinson said.

He also announced an increase in Stamp Duty, an additional five percent across the board to existing rates of all items now subject to purchase tax and an increase in excise duty on cigarettes. Reductions in the Supplemental Petroleum Tax will [be] tied to specific programmes for increased oil production and incentives for activity in heavy oil and deep sea explorations.

**Oil-Production Stimulation**

32980148a *Port-of-Spain DAILY EXPRESS*  
in English 9 Jan 88 p 1

[Text] Measures outlined by Prime Minister A. N. R. Robinson in yesterday's Budget Speech to stimulate increased oil production and employment include revision of the tax regime to encourage more activity in the industry, and rationalisation of ex-Textrin land leases.

Design of a programme to put the oilfield-services sector back to work is also in the pipeline, as is opening up new acreage for offshore exploration, and giving locally owned and controlled oil companies a specific mandate for increased production.

Tax incentives, including revision of the Supplemental Petroleum Tax (SPT), are to be linked to specific output goals agreed to by both foreign and local companies. Trintopco, the Prime Minister noted, as embarked on a "lease operatorship and farm-out" comprising two phases. "Phase One consists of the farming-out of small, selected blocks of wells while Phase Two entails the sub-leasing of larger acreages," he explained.

The goals of the programme are increased production as well as increased utilisation of idle equipment, manpower and other services in the petroleum sector. Competitive bidding is to start this month, and, already fully supported by government agencies, the plan is expected to result in "reactivation of some 746 wells in the next five years." Overall increase in production "is expected to be of the order of 1,500 to 2,000 barrels per day."

The Prime Minister maintained that one of the principal causes of decline in oil production has been lack of exploration. Consequently, marine acreage in relatively shallow water and close to existing facilities off the east and south coasts of Trinidad is to be made available for exploration by competitive bidding. "The relative Competitive Bidding Order was signed on December 27, 1987, and the closing date for the receipt of bids is March 15, 1988," Robinson said.

In addition, approximately 64.3 million barrels of recoverable reserves of heavy oil on land leased to Trintoc have been identified, and revision of oil taxation will aim to assist in the development of this resource. Approaches have been made to an international lending agency and it is hoped funds can be made available for this project after mid-1988.

### Budget Objectives

32980148a *Port-of-Spain DAILY EXPRESS*  
in English 9 Jan 88 p 3

[Text] Public service fears of salary cuts or reductions in personnel did not materialise in the 1988 Budget presented by Prime Minister and Minister of Finance and the Economy A. N. R. Robinson yesterday.

But shortly before an unprecedented interruption for 15 minutes of the Budget presentation, the Prime Minister announced a number of measures to reduce inefficiency in and the cost of the public service. These measures will include negotiating with various public sector trade unions proposals on voluntary retirement, the evaluation of posts when they become vacant, competitive tendering procedures and reducing pensionable posts by use of a contract system, thereby seeking some form of "cross-fertilisation" between the private and public sectors. Robinson, who originally pushed back his Budget presentation by an hour and a half, did not begin his speech until 3.40 p.m. (it was originally to be presented at 2 p.m.).

And up until he took a break at approximately 5.20 p.m., he had not yet announced details of 1988 fiscal measures.

The bulk of his address at the start of the Budget presentation pointed to past excesses and financial mismanagement by the former government.

The theme of the 1988 Budget, he said, was Economic independence through the transformation of the local economy.

He emphasised that the essential need of the economy was growth to provide jobs and said the 1988 Budget was only the first step along the road to transforming the economy.

Robinson also said even during the height of the oil boom, the country's "voracious appetite" for imported goods had begun to outstrip income, and this situation had only grown worse with the collapse of oil prices.

The short-term measures adopted by the previous government had left the economy in a "straight jacket", Robinson said. He spoke of disappointing results of the operations of the majority of state enterprises which were originally supposed to justify their investment by

earning huge amounts of foreign exchange. That in fact had not materialised and many of these enterprises were now a drain on the economy.

Robinson also said the government had held discussions with the World Bank on its graduating this country out of its loan facilities and said some satisfactory resolution of this problem was expected this year. He also promised to apply to the International Monetary Fund for compensatory financing because of the drop in oil prices.

He said among the objectives of the 1988 Budget were to return business confidence, the resumption of growth in the economy, to raise the rate of savings, rebuild foreign reserves and expand the tax base.

He reported an estimated \$117 million surplus on current account and said the government would mount a public sector investment programme this year to stimulate economic activity.

There will also be a thrust into the expansion of agriculture, new agro industries, the expansion of agricultural infrastructure, and tourism. Private sector plans for the expansion of tourism would see a doubling of the tourism plan in the country in 1988.

Robinson promised there would be improvements in various public historic and recreational sites.

He mentioned the growth of self-help projects and said some 248 such projects had been identified for 1988.

There is also to be a Business Expansion Incentive scheme in which individuals would be encouraged to invest.

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### Cut in Recurrent Expenditures Indicates Spending Rigidity

32980148b *Port-of-Spain TRINIDAD GUARDIAN*  
in English 11 Jan 88 p 1

[Text] Government's recurrent expenditure for 1988—an estimated \$5,243.2 million—is a reduction of \$116.0 million, or 2.2 percent below the revised figure of \$5,359.1 million of 1987, which indicates that Government spending this year will be more rigid than last year.

Of the \$5,243.2 million total for this year, \$2,368.4 million or 45.2 percent is for personal expenditure, \$452.3 million or 8.6 percent for goods and services, \$23.8 million or 0.45 percent for minor equipment purchases, and \$2,317.6 million or 44.2 percent for transfers and subsidies. The sum of \$80.0 million or 15.3 percent will be under the Unemployment Levy Fund.

Significant items in transfer payments and subsidies this year are the interest payments on account of the public debt, which amount to \$522.1 million; local government

and the Tobago House of Assembly—\$568.4 million; transfer to households—\$603.8 million; subsidies—\$114.3 million, and the University of West Indies (UWI)—\$94.2 million.

In 1987 the original estimate of recurrent revenue was \$5,846.5 million, but there was a shortfall of \$368.2 million, resulting in a revised figure of \$5,476.6 million.

#### Tax Shortfall

The shortfall, says Finance Minister Arthur Robinson, occurred principally in the area of tax revenue, where the Government originally had hoped to collect \$4,967.8 million, but collected \$4,217.8 million.

The largest shortfall occurred on incomes and profits to the extent of \$561.4 million or 15.3 percent.

The Government in 1987 anticipated collecting \$1,242.2 million in taxes from individuals, but collected only \$977.4 million. It had hoped also to collect \$1,697.0 million from the oil companies but got \$1,504.5 million. The two areas—taxes from oil companies and from individuals—accounted for a significant portion of the shortfall.

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